

Kraus  
to head  
Shin Bet  
probe team

By BARBARA AMOUYAL

For The Jerusalem Post  
Police Inspector-General David Kraus yesterday told reporters that he would head the four-man team investigating the General Security Service (Shin Bet) affair. Kraus also said he was likely to be present during any questioning of high-level security or political officials.

Investigators have completed the first stage of an in-depth probe into the killing of two terrorists involved in the April 1984 bus hijack and the ensuing cover-up, Kraus said.

All "relevant material" gathered by the Blattman and Zorea commissions of inquiry, as well as the commissions' findings had been collected and studied, he added.

Police are now waiting for the High Court of Justice's decision on the validity of the presidential pardons granted three weeks ago to four Shin Bet officers, including Shin Bet chief Avraham Shalom.

"We can't anticipate the High Court's position on the pardons, and have therefore chosen to delay the active investigative stage until we know whether to question these people as suspects or as witnesses," said Kraus. According to Kraus, a witness must answer all police questions, while a suspect can choose not to answer questions he considers incriminating.

Kraus's investigative team will include deputy-commander Zacharia Banai, an assistant to CID chief Yigal Marcus, and assistant-commander Yehuda Vilk, a lawyer who is head of the Ayalon sub-district. Chief-superintendent Shula Kedem, a lawyer and detective working at National Police Headquarters in Jerusalem, will coordinate the material.

Kraus said the investigators would work from a three-room suite at National Police Headquarters. All documents will be locked in Kraus's safe, and there will be a guard stationed in the wing 24 hours a day.

Kraus is still trying to obtain legal guarantees against publication of "undesirable leaks that most certainly will not come from police sources." He is holding meetings with the military censor and the Knesset Foreign Affairs and Defence Committee or ways of classifying all documents in the investigation.

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Above, the Duke and Duchess of York kiss on the balcony of Buckingham Palace after their marriage yesterday at Westminster Abbey. Below, pageboy Prince William sticks out a royal tongue at bridesmaid Laura Fellowes in Westminster Abbey. Story - Page 3, more pictures - Page 5.



(Reuter telephoto)

Hassan:  
Summit  
was historicPost Middle East Staff  
and Agencies

King Hassan of Morocco said last night that his talks with Prime Minister Shimon Peres had "foundered," according to AFP, on Peres's refusal to consider Israeli negotiations with the PLO or a withdrawal from the Arab territories occupied in 1967.

Hassan said he had rejected a proposal by U.S. President Ronald Reagan that the Moroccan-Israeli summit be held in the United States. He said he rejected the offer because he wanted, "to bear complete per-

Israeli Arabs'  
mixed response  
to summit  
— Page 4

sonal responsibility for this meeting."

He said Reagan had learned of his plans to meet Peres through an Israeli leak.

Hassan said he had not given advance notice of his plan to meet Peres to any foreign leader, Arab or other.

Hassan described the meeting as "historic," and said that he accepted both praise and criticism of the meeting with a "clear conscience."

Referring to the Fez Arab peace plan, Hassan said: "The plan does not say that contact with Israel is forbidden. What has not been specifically banned is not forbidden."

Hassan said that "there were two important events for the Arabs after the catastrophe of 1967, in which we lost the West Bank, Gaza, and Holy Jerusalem, and the Ramadan (Yom Kippur) war of 1973, in which we showed the world and the enemy that we are capable of hitting and responding to Israel and in which we also knew how to die a hero's death."

The two events he was referring to were the Rabat conference of 1974 and the Fez conference of 1982. At the Rabat conference it was determined that the PLO is the only legitimate representative of the Palestinian people, he said.

Hassan said that the Palestinian issue had, in recent years, become a subject of bargaining and debate. He noted that since the 1974 Rabat Arab summit, the Palestinian people had a leadership - the PLO. He said the PLO had gained membership in the UN, the Arab League and other organizations.

"I had the honour, in all humility, as the servant of the Moroccan people to play a central role in bringing the PLO to the status of sole representative of the Palestinian people permitted to speak on its behalf."

Hassan, who spoke without notes, appeared ill-at-ease during his address, and paused repeatedly to clear his throat.

Peres arriving back in Israel this morning  
Friendly summit crowned  
by joint communiquePost Middle East Staff  
and Agencies

Prime Minister Peres and Morocco's King Hassan discussed at their summit elements of the 1982 Fez Arab peace plan, according to an unofficial text of a joint statement they were to release after the conclusion of their meetings. Peres reportedly agreed that a future international peace conference could take place in Morocco.

The text of the statement, broadcast on a French radio station and quoted by Israel Television, said: The prime minister of Israel came to Morocco to discuss the problems of peace. King Hassan discussed the Fez plan with him at length. Prime Minister Peres made comments and will report to his government in Israel, while King Hassan will report to the Arab leaders at an Arab summit conference.

The joint communique, the first major official Arab-Israeli document since the Camp David accords, will be published this morning simultaneously in Morocco and Israel, Moroccan Interior and Information Minister Driss Basri said last night.

The Fez plan, drafted by an Arab summit conference, for the first time implied recognition of Israel if it withdrew from all Arab territories occupied in 1967, including East Jerusalem. The plan also called for Palestinian self-determination under the leadership of the PLO. Israel at the time rejected the plan.

Peres left Morocco last night for Israel following delays in his depar-

ture, so that further discussions with Hassan could be held.

The king, meanwhile, was scheduled to report to his people late yesterday evening on his historic 10 hours of discussions with Peres.

In these discussions, Peres reportedly agreed to the participation of three PLO-linked West Bank and Gaza residents in a prospective joint Jordanian-Palestinian negotiating team, sources said.

A special broadcast on the  
Morocco summit is to be  
screened at 7 this morning  
on Israel TV.

A peace plan put forward by Hassan at the meeting called for the creation of a West Bank "homeland for the Palestinians" in confederation with Jordan, reported *Al-Watan*, a Kuwaiti daily.

Israel would retain control over security, while economic administration of the region would be assured by an Arab government, the newspaper added.

Diplomatic sources, speaking on condition of anonymity, said the proposal for a possible international peace conference in Morocco was extensively debated by the two leaders. Israel and the PLO would participate on an equal basis, the Associated Press reported.

Israeli government sources added that the most likely next step to the Hassan-Peres meeting would be a summit reactivating full relations between Israel and Egypt sometime next month.

Moroccan officials said Peres and Hassan met repeatedly in the palace.

The sources said some of the talks were in private, while Moroccan Foreign Minister Abdel Latif Filali, Interior and Information Minister Driss Basri and the king's principal political adviser, Ahmed Reda Guedira, were present the rest of the time.

The only Israeli participant whose name was disclosed in addition to Peres was MK Rafi Eder.

Newspapers of Morocco's political parties broke the veil of silence over the meeting yesterday morning with extensive reports drawn mainly from foreign news agencies.

The government-owned newspapers and radio and television stations, by contrast, said nothing about Peres's presence in Morocco, though they reported without explanation that the king planned to address the nation late yesterday.

At its Tunis headquarters, PLO leaders were planning to call for an extraordinary Arab summit meeting in Algiers. Algeria, like other Arab hardliners, denounced the Peres visit as an "unspeakable betrayal" of the Palestinian cause.

The executive committee of Fatah convened in Tunis and also vigorously denounced the meeting.

A Fatah statement said the meeting violated Arab and Islamic summit resolutions opposing any dealings with Israel.

In Damascus, meanwhile, the leader of the Marxist Popular Front for the Liberation of Palestine, George Habash, met a deputy director of the Soviet Foreign Ministry's Middle East Department, to discuss the "dangerous repercussions" of the summit, an official announcement said.

(Continued on Page 9)

Bar-Lev:  
Lack of GSS  
supervision  
'improper'IN PERSON  
BENNY MORRIS

Police Minister Haim Bar-Lev attacks as "improper" the lack for the past nine years of a watchdog committee over the activities of the General Security Service (Shin Bet). "The status quo in which the whole burden (of running) the Shin Bet falls on the shoulders of one man, the head of the Shin Bet, or of two men, the Shin Bet chief and the prime minister, is 'improper' (lo takin)," says Bar-Lev.

Until Begin took office in 1977, there had been such a watchdog panel, the "X-Committee." Bar-Lev says that he did not know the situation had changed in 1977 and that such a committee did not exist during the Peres administration, since mid-1984. "I did not know this until the [Shin Bet] affair [broke out and therefore] I did not speak out," he says.

He is "sure" that the Yotv Committee, appointed a fortnight ago to examine the functioning of the agency will recommend the re-establishment of a standing committee to supervise the activities of the secret services.

Bar-Lev tends towards the establishment of a watchdog panel composed of top civil servants with backgrounds in security matters and the law rather than of "politicians."

Bar-Lev doesn't think the police

(Continued on Page 2, Col. 2)

Embezzler Moshe Stern  
sentenced to 7 years in jail

By BARBARA AMOUYAL

Multi-million dollar embezzler Moshe Stern was sentenced yesterday to seven years in prison and fined NIS 1.5 million by the Jerusalem District Court.

Stern, the former manager of the Jerusalem branch of North American Bank, had pleaded guilty to 14 counts of fraud, embezzling, falsification of documents and breach of faith.

The court specified that Stern must pay the fine within a year of his release from prison.

In line with a plea bargain last month, Stern testified against former North American Bank managing director Hadassah Moushah. Stern said all "improprieties and criminal acts" were committed with the knowledge of Moushah and other leading figures at the bank.

Stern was originally charged with

embezzling some \$30 million from the bank. But as part of the plea bargain, the amount listed in the charges was lowered to \$15m.

In their verdict, the three judges wrote: "We believe the accused got into trouble because of his desire to help a bank customer. Jerusalem lawyer Gad Ravich. The accused lent Ravich large amounts [\$4.5 m.] in the grey market and agreed to guarantee these loans personally. The lawyer did not return the loans in time, and the debt to the bank grew uncontrollably. This, we believe, is the reason why the accused started to present false bank guarantees and then continued in his string of unlawful acts."

The judges took into account the testimony of several character witnesses who insisted that Stern had not put any of the embezzled money into his own pocket.

Police want W. Bank settlers  
charged for harassing MKs

Police have recommended to the Jerusalem district attorney that 14 West Bank settlers be charged for harassing Knesset members on their way to a Peace Now meeting in Hebron last April.

Otniel Schneller, chairman of the Council of Jewish Settlements in Judea and Samaria and Shalom Wach, chairman of the Kiryat Arba

municipal council, are among those who are likely to be tried for disturbing the peace.

The two are believed to have been behind the attacks on MK Yossi Sarid and Shulamit Aloni (Citizens Rights Movement) and Matityahu Peled (Progressive List for Peace).

The police investigation was launched in response to a complaint filed by Sarid. (Tim)

One week less for  
Premier PeresBy DAVID LANDAU  
Rotation day is to be October 7 and not October 14, as previously believed.

Shimon Peres has lost an anticipated week as prime minister, and Yitzhak Shamir gained one, thanks to some careful calculations by Finance Minister Moshe Nissim (Likud-Liberal).

Nissim told the cabinet this week that, by counting the days rather than the weeks or months of the weekly government's term, he had reached October 7 as the precise mid-point.

Peres did not demur.

October 7, a Tuesday, falls between Rosh Hashana and Yom Kippur.

Industrial fuel, electricity  
prices to go down

Jerusalem Post Reporter  
Electricity prices and the cost of fuel for industry are expected to drop within the next few days following a sudden reduction in the cost of Egyptian crude oil.

\$69m. expected  
to be freed for Lavi

By WOLF BLITZER

Jerusalem Post Correspondent  
WASHINGTON. - The U.S. Defense Department is expected to release \$69 million for the Lavi aircraft project in the coming days, well-informed diplomatic sources disclosed last night.

They said that the frozen funds could be disbursed even before Vice President George Bush opens his formal talks with Israeli leaders in Jerusalem next week.

The money, already appropriated by Congress, has been held up by the Pentagon because of its continuing concern over possible cost overruns on the Lavi programme.

In recent days, several members of the House and Senate have written strong letters to the Pentagon urging the release of the money.

Clearly, Bush and his aides are anxious to have friendly discussions in Israel. They see the trip to Israel as playing a potentially very important role in strengthening the vice president's image among Israel's many supporters in the U.S.

Bush to urge Hussein  
to follow Hassan's lead

By WOLF BLITZER

Jerusalem Post Correspondent  
WASHINGTON. - Vice President George Bush will encourage Jordan's King Hussein to follow the lead of Morocco's King Hassan by opening direct discussions with Prime Minister Peres, a senior administration official said yesterday.

Briefing reporters at the White House on next week's Bush visit to the Middle East, the official said that the U.S. wanted Israel to begin face-to-face negotiations with all of its Arab adversaries. He said that this had been an "absolutely fundamental" aspect of U.S. efforts in the peace process.

The official strongly endorsed the meetings in Morocco between Hassan and Peres. He hoped that other Arab leaders would follow Hassan's lead. He mentioned Hussein by name but went on to call for direct talks between Israel and both Syria and Lebanon.

"This is where the serious work can get started," he said.

Other U.S. officials, however, were not very hopeful that Hussein would take such a step. They said that Hassan and Hussein had maintained a chilly relationship over the years. "He (Hussein) has contempt for Hassan," a State Department expert said.

That expert feared that Hassan's surprise decision to receive Peres in Morocco could even exacerbate those ties and complicate Hussein's position. He was worried that Hassan's action could upset Hussein's effort to isolate PLO chairman Yasser Arafat.

According to the State Department official, Hussein had hoped to organize an Arab summit which might further weaken Arafat's position. But the Peres visit to Morocco and the divided Arab reaction had made such an Arab summit even more remote.

At the White House briefing, the U.S. official said: "We do regard it as a historic event." But he insisted that the U.S. had not yet received a full report on the outcome.



Shi'ite Muslims protest against Premier Peres's visit to Morocco by burning an American flag in front of the Moroccan Embassy in West Beirut yesterday.

(Reuter telephoto)

## Setback for Burg in election of NRP secretary

By SARAH HONIG

Post Political Correspondent  
TEL AVIV. - Rabbi Yitzhak Levi, a political unknown from Matzad, is the National Religious Party's new secretary-general. His election yesterday was a major victory for MK Zevulun Hammer's faction over Dr. Yosef Burg's Lamifne faction.

Levi defeated another little-known candidate, Rabbi Boaz Levi. Both Levis failed to garner the minimum 50 per cent needed for election and needed a second round for a final decision.

This was only one in a long series of delays that kept this election going for two of the three days of the convention. The first problem was that the Hammer faction had to persuade its ally from Matzad, Minister-without-Portfolio Yosef Shapira, not to run himself. Because Shapira is a cabinet member he would have had to muster at least 60 per cent of the vote to be elected. The

Hammer faction feared that he would not clear the hurdle, and it was only late Tuesday night that Shapira agreed to step down in favour of Yitzhak Levi, also from Matzad.

Yesterday morning the voting proceeded slowly and when the results were made known in the afternoon, it emerged that no candidate had the necessary 50 per cent, a second round was ordered, putting the convention hopelessly behind schedule. The convention cannot be extended by even one more day since today is the 17th of Tamuz, a fast day.

Both large NRP factions chose candidates of Oriental origin. Boaz Levi is a Yemenite and is very close to Ashkenazi Chief Rabbi Avraham Shapira. The winner is a Moroccan who is close to Sephardi Chief Rabbi Mordechai Eliyahu. Both candidates are political hawks and unknown to many of the delegates.

Party insiders deferred judgement on whether

the victory indicated that the power in the party had switched from Lamifne to the Hammer faction. They said it all depended on who won the elections for secretary-general of Hapoel Hamizrabi and for party political secretary that were scheduled for late last night.

The main showdown has been postponed until September 4 when the factions will vie for Burg's cabinet portfolio. Hammer will be running against Lamifne's chief dove, former Knesset member Avraham Melamed. But the picture will be complicated by the fact that two of Hammer's allies in yesterday's race, Yosef Shapira and MK Avner Shaki, are also seeking the portfolio.

Burg's Lamifne faction last night boycotted the elections for NRP political secretary and Hapoel Hamizrabi secretary-general. Burg said that many of his delegates, exhausted by the day's proceedings, had already gone home, and he demanded that the votes be postponed until September 4.

U.S. government apologizes  
for leaks over cluster bombs

Jerusalem Post Staff

WASHINGTON. - The U.S. government has apologized to Israel for publicity surrounding allegations that Israeli agents smuggled cluster bomb technology, officials said yesterday.

One U.S. official said the State Department expressed "regret for apparently unauthorized disclosure of confidential information regarding an ongoing investigation."

An Israeli Defence Ministry official said the Reagan administration had been asked to handle further queries on the subject of cluster bombs through diplomatic channels. The Defence Ministry official told

reporters that U.S. Ambassador Thomas Pickering had also apologized for the publicity.

A U.S. Customs spokesman said on July 8 that the Justice Department was investigating suspicions that Israel tried to obtain technology from private contractors in the U.S. to build cluster shells.

Israel denied the accusation, saying it had valid export licences for the technology in which an artillery shell releases scores of bomblets.

The Defence Ministry official said Israel was trying to sell back 4,000 aerial cluster bombs still stored in the U.S. as a result of an embargo imposed during the Lebanon War.



## The weather at major Swissair destinations

	23.76	MIN.	MAX.
AMSTERDAM	10	10	16
BELGIUM	10	10	16
BREMEN	10	10	16
BRUSSELS	10	10	16
COPENHAGEN	10	10	16
DUBLIN	10	10	16
FRANKFURT	10	10	16
GENEVA	10	10	16
LONDON	10	10	16
MADRID	10	10	16
MONTREAL	10	10	16
MUNICH	10	10	16
PARIS	10	10	16
ROME	10	10	16
SARAJEVO	10	10	16
STUTTGART	10	10	16
VIENNA	10	10	16
ZURICH	10	10	16

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## THE WEATHER

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	48	20-29	28
Golan	43	19-32	30
Nahariya	73	19-30	29
Safed	45	20-31	29
Haifa Port	45	20-31	29
Tiberias	40	22-37	35
Nazareth	51	19-31	29
Afula	53	22-32	31
Shomron	44	20-31	29
Tel Aviv	76	22-30	29
B-G Airport	63	21-31	30
Jericho	31	21-30	37
Caesarea	76	22-29	29
Bersheba	42	20-33	31
Eilat	—	26-42	40

## SOCIAL & PERSONAL

Knesset Speaker Shlomo Hillel yesterday received at the Knesset the former French minister of finance, Pierre Berezgory, and a group of writers from Latin American countries who are in Israel as guests of the Israel-Iberia Central Institute of Cultural Relations. This is the first time such a group has visited Israel.

The Director-General of the Foreign Ministry, David Kimche, hosted a farewell luncheon on Tuesday at the Sheraton Plaza in Jerusalem for the outgoing Danish Ambassador, Sven Aage Nielsen.

## Birth

Born in Hadassah Hospital Ein Kerem, on Tuesday, a son to Tal and Gil Krivine, grandson to Tami and Tzvi Halevi of Kibbutz Nahal Oz and to Daphne and David Krivine of Jerusalem.

## ARRIVALS

Mr. and Mrs. Avram M. Chudnow and Mr. and Mrs. Joseph Chudnow from Milwaukee, Wis., U.S., to dedicate the lake at Tzvi Valley Park, a project of the Keren Kayemeth LeIsrael.

## Farms deal with Morocco urged

TEL AVIV (Itim). — Joint agricultural cooperation should be undertaken between Israel and Morocco, Deputy Agriculture Minister Avraham Katz-Oz proposed last May on a visit to Rabat.

Moroccan livestock raisers, sugar-beet growers and other farmers also accepted Katz-Oz's invitation to visit Israel's Agrotech '86 exhibit this September in Tel Aviv. Itim has learned.

Katz-Oz said his proposal for joint agricultural cooperation was based on his understanding that Morocco was interested in creating new ties with the U.S. in the agricultural arena, and could make use of Israel's contacts with the U.S. to accomplish this.

Katz-Oz said joint cooperation in fields like agriculture could precede the establishment of formal ties between Israel and Morocco.

## Jordanian cabinet reshuffle planned

Post Middle East Staff  
Jordanian Prime Minister Zaid a-Rifai is planning a cabinet reshuffle which will increase the number of Palestinian ministers in the government, the Abu Dhabi newspaper *Al-Ithad* reported yesterday.

The paper cited informed Jordanian sources as saying that the reshuffle was imminent and would include the appointment of two West Bank residents Wahid al-Jabari and Mufid al-Mubaslat to the cabinet. The sources said the move coincides with Jordanian moves to increase its influence in the West Bank.

The Democratic Front for the Liberation of Palestine linked the reported reshuffle to the Hassan-Peres summit, and said the new Palestinian appointees would serve on a joint Jordanian-Palestinian delegation to peace talks.

## Work said stopping on Auschwitz convent

PARIS (JTA). — The Archbishop of Cracow, Cardinal Marchinski, has reportedly agreed to stop work on the convent being built on the site of the Auschwitz death camp. The cardinal was said to have given this pledge at a meeting held Tuesday in Geneva, which was attended by high-ranking Catholic prelates and prominent French.

## HOME NEWS

### Accused Nazi criminal to get extra visits

## Demjanjuk's family will see him today

By BARBARA AMOUYAL  
For The Jerusalem Post

The family of suspected war criminal John Demjanjuk is to visit him today, after being turned away yesterday when they arrived unannounced at Ayalon Prison in Ramle.

The family arrived in Israel Tuesday afternoon. They have not seen the 66-year-old Demjanjuk since he was extradited from the U.S. last February 26 on suspicion of murdering some 900,000 Jews in the Treblinka death camp.

A Prisons Service spokesman said yesterday that the family had come

to the prison without filing a request to see Demjanjuk. He added that they would be allowed a two-hour visit today.

Prison regulations allow families a 30-minute visit once a week, said the spokesman. "But in light of the special circumstances, we have decided to grant the Demjanjuk family a two-hour visit twice a week."

Demjanjuk's wife Vera, and their 26-year-old daughter Irene were accompanied by Irene's husband Edward Nishnik and their seven-month-old baby Edward Jr. The family came to Israel after months of what they called "psychological and

financial preparation." In an earlier interview at the Demjanjuk home in Cleveland, Ohio, Irene had told *The Jerusalem Post*, "We are nervous about travelling to such a far-away country and are uncertain as to how the people will treat us."

After being turned away from the prison yesterday, 60-year-old Vera burst into tears. "We've come all this way. Why won't they let us see him?" she asked.

Demjanjuk's attorney Mark O'Connor said yesterday that he was having problems contacting responsible Justice Ministry officials

who could give him information on the case. "It's the elementary right of a defence attorney to know when charges will be filed and the approximate date scheduled for the trial," he said.

The Post has learned that the Demjanjuk file is now in the hands of state prosecutors who are preparing charges against the suspected war criminal.

It has also been learned that one police investigator is still abroad attempting to round up eye-witnesses to testify against Demjanjuk.

By BENNY MORRIS  
Post Diplomatic Correspondent

U.S. State Department legal adviser Abraham Sofaer arrived in Israel last night to resume his shuttle mediation between Israel and Egypt over the Taba compromise.

Still at issue is the nature of an annex in the document, which sets out the terms of reference for the

### Sofaer arrives for Taba talks

international arbitrators in the border dispute.

Sofaer originally proposed that the annex should consist of a map in which both sides would mark out their claims as to where the border should run.

But Egypt is apparently opposed

to a map, and Sofaer may try to obtain the two countries' agreement to a set of aerial photographs instead.

Before the photographs are taken, both countries are expected to send teams of geographers-surveyors to

the area to set up border markers which will be visible in the aerial photos and will mark out the divergent territorial claims.

Next week or, at the latest, the following week, Israeli representatives are to fly to Cairo for a final round of negotiations in which the loose ends of the compromise are to be wrapped up.



John Demjanjuk is escorted from Ramle's Ayalon Prison. (Isaac Harari)

### IAI's souped-up Phantom will fly to Paris air show

Post Defence Reporter

Israel Aircraft Industries plan to fly an upgraded Phantom fighter-bomber with new engines to the Paris air show next summer, *The Jerusalem Post* has learned. The veteran warplane, first flown in 1958, is due to undergo flight-testing within the next few days with one of its original two General Electric J79 engines replaced by a Pratt and Whitney PW1120.

The PW1120 is a previously untried engine that will power the Lavi fighter-bomber. The Phantom flight will be its first airborne test and thus will represent an important stage in the Lavi's development.

IAI's programme to replace both of the Phantom's J79s with the more powerful PW1120s will, together with improvement of other aspects of the aircraft's performance, extend

its operational life into the 21st century.

The Israel Air Force is working on a separate Phantom upgrading programme, called the Phantom 2000, which will update the avionics and add canard winglets (fitted to IAI's Kfir and Lavi). *Aviation Week* reports in its latest edition.

According to the authoritative journal, this is part of a programme of modernization and improvement of a number of U.S.-built fighter aircraft being carried out under the auspices of the IAF. In some cases the programme is providing aircraft with capabilities that are not found in the same aircraft type in U.S. service. Aircraft being modified include the Skyhawk, F-15 and F-16 and some older French and Israeli-designed aircraft in the IAF inventory.



Attorney-General Yosef Harish (left) shares a toast with outgoing justice minister Yitzhak Moda'i yesterday. (Isaac Harari)

## BAR-LEV

(Continued from Page One)

investigation into the Shin Bet affair will have any effect on the rotation scheduled for October.

"The police probe is not investigating the functioning [of politicians] or the soundness of their judgement, only criminal acts," says Bar-Lev. The police probe "is not like a judicial commission of inquiry" which would investigate and comment upon such political matters.

Bar-Lev implies that the police, at this stage, do not believe that the ministers involved, Vice Premier Yitzhak Shamir and Prime Minister Peres, committed criminal offences in the course of the affair.

Does he not regard former Shin Bet deputy head Reuven Hazak, who triggered the affair by complaining against Shin Bet chief Avraham Shalom, as the "tragic figure in the affair?"

"No," Bar-Lev says, "the really tragic figures are Shamir and his men. They, he, did wonderful work for decades. That he should end his career thus is tragic."

As for Hazak, Bar-Lev says, ignoring Hazak's decades of apparently successful work in the Shin Bet, "I don't know what his motives were in lodging the complaints against Shalom. He seems to imply that he agrees with the version of events, disseminated by circles close to Peres, that Hazak's complaints were in the nature of a *punch* designed to unseat Shalom in order to inherit his job."

Bar-Lev endorses Peres's handling of the start of the affair last October, when Hazak first came to the prime minister with complaints about Shalom. "When in an organization there is a conflict between No. 1 and No. 2, automatically the No. 2 must go."

Even when the charges lodged by No. 2 against No. 1 are so grave? "Yes, so long as the prime minister has confidence in the head of the hierarchy," Bar-Lev says.

The police minister, who is one of the Labour members of the inner cabinet, says he personally only learned of the affair "about a month before" former attorney general Yitzhak Zamir filed his complaint last May with the police against Shalom and Shalom's three key aides.

Regarding the three aides — the Shin Bet's two legal advisers and the

Shin Bet officer who sat on the Zorea Commission in 1984 — Bar-Lev says he believes they "will leave the Shin Bet. I believe they should leave. Let's see what happens when the new Shin Bet chief takes over," he says.

He adds that the presidential pardon of the two legal advisers received leaves them "completely clean of any offence, as if the deed was not done." Bar-Lev thus implies that the way is open for them to function, professionally, once they leave the Shin Bet, as lawyers in the civilian sector.

Bar-Lev is unwilling to criticize the government's handling of the affair. "It is easy to be wise after the event," he says. "But I am sure lessons have been learned. To say now 'such and such should have been done' is to speak in the sense of lessons to be drawn, rather than in criticism."

He seems to put his finger on what he now regards as the ideal solution when he says: "Had Shalom resigned [long ago] that would have been the end of the matter. Zamir agreed to it then. One can regret only that [Shalom] resigned at the end of the affair."

Bar-Lev believes that, despite the secrecy of the police investigation, "the probe will certainly cause [the GSS] harm. If names are revealed or facts... that will be harmful."

Bar-Lev acknowledges that the police failed to obtain from the courts a blanket secrecy order to prevent the media from publishing anything about the investigation. He implies that at some later stage, such an order might be sought again, and might be forthcoming. Meanwhile, he says, "Military censorship exists, we have asked the censors [to act in this matter] and I would like to hope that the censors will assure 'a modicum of secrecy.'"

Bar-Lev refused to be drawn on how long he expected the investigation to take. But he said: "It is not a complex investigation. The matter is clear. The people who were involved must be investigated, who snubbed witnesses and who committed perjury. I add that there is also the matter of the killings. 'Yes, that too,' Bar-Lev says. "I assume that no-one will tell stories, but that they will tell the truth to the last inquiry into the affair."

### Heart transplants said prevented by ultra-Orthodox pressure

By MENACHEM SHALEV  
For The Jerusalem Post

Heart and liver transplants in Israel are being delayed by objections from ultra-Orthodox circles and uncertainty over the Chief Rabbinate's position on the matter.

Hadassah Hospital in Jerusalem, which was given Health Ministry approval to begin heart transplants over two months ago, is refraining from performing the operation because it is afraid of angering the ultra-Orthodox community. Ultra-Orthodox patients in Jerusalem use the Hadassah private medical service almost exclusively and are a prime source of income for the hospital.

The religious objections centre on the halachic definition of death. According to Halacha, the moment of death occurs when a person stops breathing. Clinical death, however, is defined as the moment when the brain stops functioning.

Livers and hearts for transplants have to be removed while the heart is still beating. According to most religious authorities, such a removal is tantamount to killing the donor.

The Jerusalem Post has learned

that three months ago Dan Michaeli, director-general of the Health Ministry, requested a ruling from the chief rabbis concerning the exact moment when a person is considered dead.

A month ago the Chief Rabbinate established a special committee of rabbis and doctors to try to resolve the halachic obstacle to transplants.

Aides to the chief rabbis said yesterday: "Whatever conclusions are reached by the committee will be accepted by the Health Ministry. If the committee decides that transplants are not permissible, we're sure that the ministry will understand and act accordingly."

Prof. Arye Dursk, head of surgery at Hadassah, said: "We don't want to start transplants until the problems with the religious are worked out. After all, they carry a lot of clout in this country."

Surgeons at Hadassah have reported receiving threatening letters from ultra-Orthodox elements "reminding" them that the ultra-Orthodox "do not approve of heart and liver transplants."

"We don't want to wake up and

find the tyres on our cars slashed," said one doctor.

Hadassah spokeswoman Ruth Mekel said yesterday that the reason for the delay was that the issue of heart transplants "is not covered by the Anatomy and Pathology Law, which means that Hadassah would be open to all sorts of trouble with the law."

Michaeli, however, dismissed this claim and said that "if Hadassah finds a donor, they can perform a heart transplant tomorrow."

Rabbi Yosef Scheinberger, widely referred to as the "health minister" of the ultra-Orthodox community, told *The Post* yesterday that "if Hadassah will perform heart transplants, we will seek other places for medical treatment. 'But I'm sure,' he added, 'that they won't commit such folly. After all, we give more money to Hadassah than Haim Doron [chairman of Kupat Holim].'"

Scheinberger asserted that directors of Hadassah had assured him that heart transplants would not be carried out at the hospital. He dismissed any findings of the Chief Rabbinate committee as "just politics. It won't mean anything to us."

### Officials mislead us, says MK

By ARYEH RUBINSTEIN  
Post Knesset Reporter

MK Ariel Weinstein (Likud-Liberal) charged yesterday that government officials often give Knesset committees only partial information "and sometimes false information, and knowingly."

One example Weinstein cited in his motion for the agenda concerned the levy on vehicles that the Finance Committee first approved last year.

The committee decided that the levy be paid in one lump sum — which in some cases amounted to 1.5 times the net monthly salary of the car owner — because Treasury officials had misled it. They had insisted that if the levy were paid in instalments, the collection costs would be prohibitive.

But this year the Treasury, on its own initiative, proposed that the levy be collected in instalments, and the director-general of the Transport Ministry said that the collection costs would be only 1 per cent of the receipts.

MK Uriel Lynn (Likud-Liberal) said that Knesset members had only themselves to blame. If an official knowingly gave a committee false information, he committed a criminal offence and a complaint should have been filed.

Led by Alignment MKs Shevah Weiss and Energy Minister Moshe Shabat, the Knesset voted against debating the subject in the plenum, and the motion was referred to the House Committee, with only Lynn voting against.

### Bogus sex therapists are arrested

By YORAM GAZIT  
For The Jerusalem Post

TEL AVIV. — Two Brazilians were arrested at a Tel Aviv hotel this week on suspicion of defrauding an Israeli couple by pretending to be sex therapists.

The two, along with a Brazilian gynecologist who left the country a fortnight ago, allegedly "treated" the couple for the last two months and asked for \$10,000.

The couple, Dan region residents in their late thirties who suffered from sexual dysfunction, were introduced to a 65-year-old Brazilian who pretended to be a physician. The "doctor" and his team, including the gynecologist and a 30-year-old Japanese woman from Brazil, lived with the couple in hotels throughout the country, where they allegedly told them how to solve their problems.

The couple allegedly paid \$1,000 for the treatment and \$2,500 for an operation the woman underwent in a private hospital.

### PM 'heartened' by Mubarak's support

## Peres praises Cairo stand on Morocco summit talks

Jerusalem Post Reporter

Prime Minister Peres last night said that he was "heartened and grateful" for the reaction of Egyptian President Hosni Mubarak to the Morocco visit.

In a letter to Egyptian Charge d'affaires Mohammed Bassiouny, on the occasion of Egypt's national day, Peres said that it was "most befitting that Egypt was celebrating in the midst of another significant step on the road to peace."

Peres expressed the hope that the "visionary courage of our Arab leaders along with our own relentless efforts" would bring about an expansion of the peace process. He described himself as "looking forward to the opening of an exciting new chapter" in the Middle East.

In a separate message to Mubarak, Peres wrote: "We applaud your personal leadership, efforts and contribution to the prosperity, security and well-being of Egypt... Your commitment to peace, promises to add new dimensions not only to our bilateral relations, but also to a peace process which should encompass the entire region... Your pursuit of democratic ideals, processes and institutions emphasize your devotion to the well-being of Egypt."

Much of Israel's political establishment was among the some 3,000 guests who crowded around the swimming pool at the Daniel Hotel in Herzliya to celebrate the occasion last night. The climax of the evening was the delivery of a huge pyramid-shaped cake onto a specially built platform by a helicopter.

### Police close Galilee festival

By DAVID RUDGE  
Jerusalem Post Reporter

MAJID EL-KURUM. — Police yesterday closed a festival in this Galilee village because of alleged acts of incitement against the state.

One of the festival's organisers was arrested for reportedly having anti-Israel propaganda leaflets in his home.

Police said they ordered the shutdown after a West Bank song and dance troupe praised the recent terrorist attack north of Rosh Hanikra, in which four terrorists and two Israeli soldiers were killed.

Local council chairman Mohammed Manna'a refuted the charges, saying that nothing unusual had occurred.

Galilee police have ordered him to explain the alleged incidents at their Acre headquarters.

"I attended the performance on Sunday night when the comments were supposed to have been made, but I heard nothing of the sort," he told *The Jerusalem Post*. "I have heard and read more radical comments from Knesset members and Jewish playwrights."

Manna'a said the festival started on Sunday and was due to end today with a performance by actors from Birzeit University of a play *Dead and Dumb* based on a book by Palestinian author Ghassan Kanafani, the PLO spokesman killed by a car bomb in Beirut in 1972.

### Neo-Nazis published new evidence on Waldheim

By WALTER RUBY  
NEW YORK. — A neo-Nazi newspaper in West Germany last April published a 1940 court document in which Kurt Waldheim declared himself a member of both the SA "Brownshirts" and of the Nazi Student Union, the World Jewish Congress announced yesterday.

The document, which was part of an application filed by Waldheim for a court position in Vienna, was published in Munich by the neo-Nazi newspaper *National Zeitung*. Applicants were asked to list Nazi affiliated organizations of which they were members.

The WJC noted that Waldheim had become a member of the SA only one week after the organization took part in the massive anti-Jewish pogrom of Kristallnacht.

Elan Steinberg, executive director of the WJC, said that the WJC's Institute of Jewish Affairs in London, which routinely monitors the neo-Nazi had recently discovered the *National Zeitung* article.

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### 'Double' vote for Shamir mooted

By SARAH HONIG  
Post Political Correspondent

TEL AVIV. — The Liberal Party may demand this evening that Vice Premier Yitzhak Shamir be allowed to cast two votes on crucial issues in the cabinet in the time remaining until rotation.

Giving Shamir a double vote would take the pressure off the Liberals to pick a new minister to replace former Justice Minister Yitzhak Moda'i. Without Moda'i the Likud bloc has one minister less than the Alignment bloc.

The matter will be taken up by the Liberal Central Committee this evening. An alternative suggestion the committee may make is that Labour enter into a gentlemen's agreement with the Likud whereby a Labour cabinet member would refrain from voting on crucial issues.

If Labour did not agree to either of the above proposals, it was said, the party would have no choice but to send a temporary replacement for Moda'i, so as not to upset the balance between the parties when matters of state are put to a vote.

The Liberal aim is not to make Moda'i's replacement appear permanent, because they want to strengthen the claim that his absence from the cabinet is only temporary.

Thus, even if another Liberal is sent to the cabinet, the near-consensus in the party is that he would become a minister-without-portfolio. The justice portfolio should meanwhile be put in the temporary custody of another Likud minister — either Shamir himself, or, as Moda'i has suggested, Finance Minister Moshe Nissim, who was justice minister until the previous Moda'i affair resulted in a portfolio switch.

According to indications from some Liberal quarters, the justice portfolio might also be put in the safekeeping of Moda'i's arch-rival in the party, Tourism Minister Avraham Shari.

### Shamir has cataract surgery

By MENACHEM SHALEV  
Vice Premier Yitzhak Shamir

yesterday underwent a cataract operation at Hadassah Hospital, Ein Kerem.

The operation, termed a "success," was performed by Prof. Hassan Zamberman, head of the hospital's Ophthalmology Department.



## Pessimism prevails as Howe meets Botha

PRETORIA. — British Foreign Secretary Sir Geoffrey Howe met South African President P.W. Botha yesterday, hoping to persuade him that time is fast running out for a peaceful solution to his country's crisis.

Howe, on a peace mission on behalf of the 12-nation European Community, earlier held a 90-minute meeting with Foreign Minister Pik Botha.

Few details emerged, but a smiling Pik Botha told reporters: "I can bear to smile, even under difficult circumstances."

Howe said earlier in the day: "It's no secret that my mission reflects widespread and profound international concern. The focus of concern is of course apartheid and the need for it to give way rapidly and without further violence to a genuinely representative and non-racial community."

Western diplomats regard Howe's mission as difficult, if not impossible. In recent speeches, South African government ministers have made clear that Pretoria will resist foreign pressure for progress towards black majority rule and is now resigned to international economic sanctions.

Many countries have taken other than economic action against Pre-

toria recently. With only 24 hours to go before the opening of the 13th Commonwealth Games in Edinburgh, the boycott movement continued to grow.

Latest to join the ranks of those staying away from Edinburgh was the Caribbean island of Montserrat, which ordered its squad of three to withdraw.

Their pull-out took the number of boycotting countries to 31, more than half of the 58 teams originally entered.

It means 698 of the expected 2,420 athletes will be absent from the games.

Meanwhile, six more persons have been killed in South African political violence, five of them in the troubled northern tribal homeland of KwaZulu and one in the Eastern Cape, the government Bureau for Information said yesterday.

All the victims were apparently burned to death. "Six people died in black-on-black violence yesterday," the bureau said.

Three women and two men were arrested in connection with one of the incidents in KwaZulu, in which the burned bodies of a man and a woman were found. More than 2,100 people have been killed in anti-government riots, mainly in black townships, since February 1984.



Geoffrey Howe (left) and Pik Botha confer in Johannesburg yesterday. (Reuters telephoto)

## Coke-traffic 'paralyzed' by U.S.-Bolivia action

TRINIDAD, Bolivia (AP). — U.S. and Bolivian officials, showing off a cocaine laboratory seized in five days of joint operations, said they have paralyzed the country's billion-dollar cocaine industry. But no arrests have been made.

"Even if we don't seize any more laboratories, although we expect we will, we will at least have stopped cocaine-trafficking in Bolivia," Ron Garibotto, a special agent for the U.S. Drug Enforcement Administration, said during a tour of the lab Tuesday.

The processing complex, 22 kilometres northwest of Trinidad in the heart of tropical northeastern Bolivia, was raided Friday in the first of six raids so far carried out by Bolivian police being ferried in U.S.-piloted American military helicopters.

About 30 journalists were given a tour of the laboratory complex, which covered a 300-by-200-metre area cleared from the surrounding wilderness. There were nine canvas-topped, log-framed buildings that included a laboratory, dormitories for about 75 workers, recreation

centres and an airstrip. The Bolivian national police commander said he hopes the U.S. aid will continue after the operation ends. He said it would be ideal if the U.S. left behind three of the Black Hawk helicopters used in the operation.

Garibotto said the U.S. is analyzing how to continue assisting Bolivia and other drug-plagued countries, but that leaving behind the helicopters was not planned.

At a press conference in Trinidad, Interior Minister Fernando Barthelemy blamed the failure of subsequent missions on the publicity the operation received before it began. News reports began circulating last Tuesday, a day after the American military personnel and equipment began arriving.

The lab complex was apparently evacuated two days before the operation became public. Neighbouring peasants reported that several airplanes landed and took off from the complex on July 13, a week ago. The U.S.-Bolivian raiding party found the site abandoned except for a 16-year-old boy.

## FOREIGN NEWS IN BRIEF

### Flap over quote in Fassbinder book

FRANKFURT (AP). — A West German publishing house said on Tuesday that it would appeal a court decision banning the use of a quoted statement about Jews in a book about Rainer Fassbinder's recent anti-Semitic stage play.

The Frankfurt premiere of "Garbage, the City and Death", was scrapped last year because of Jewish protests.

The Athenaeum Verlag publishing house later put out a book about the play controversy that included a quote attributed in published reports to Guenter Ruehle, the Frankfurt city theatre administrator who led efforts to show the Fassbinder production.

Ruehle was quoted as saying, "The honeymoon period for the Jews in Germany is over." He denied having said it and later secured a court order against its use in published material.

The book's title is *The Fassbinder Controversy, or the End of the Honeymoon*.

Athenaeum Verlag said it would appeal the Frankfurt court's recent injunction against sales of the book containing the disputed quote.

### Seven in U.S. tried for Libyan plane plot

ATLANTA (AP). — U.S. authorities were to begin court proceedings here today against five Californians and two Libyans accused of illegally buying two transport planes and spare parts worth a total of \$50m. for Libya.

The charges relate to two Lockheed L-100s — civilian versions of military C-130s — believed to have reached Libya via France and the West African state of Benin, prosecutor Steve Cowen said.

### UK outlaws caning as school punishment

LONDON (Reuters). — The House of Commons voted on Tuesday night to outlaw caning in schools, altering government proposals for more modest reform of laws on corporal punishment and bringing Britain into line with the rest of Western Europe.

The government lost by a single vote its proposal to give parents the final say on whether their children should be caned.

### Panel suggests manned U.S. bases on Mars

WASHINGTON (AP). — The U.S. should set up manned bases on Mars and the moon within the next 50 years, according to a report delivered to President Reagan on Tuesday.

The National Space Committee reported in favour of "an aggressive space science programme" for the U.S. The report said "a very high priority should be given to discovering any resources that may be frozen near the lunar poles and to determining the potential water and hydrocarbon resources on the surfaces of Mars and its two known satellites."

### Manila to auction Marcos mementos in New York

MANILA (AP). — The Philippines plans to auction expensive portraits of Ronald Reagan, Pope John Paul II, and other mementos of deposed president Ferdinand Marcos and his wife Imelda in New York next month. It was announced here yesterday.

Other items to be put on the block include monogrammed satin and lace beddings and pillows, two pianos, a Moroccan wool carpet, chandeliers, gilt-wood mirrors, books, chairs, celadon vases, silk flowers, and silver-plated serving trays.

Manila hopes to raise \$235,000 from the auction of 199 pieces of "Marcosiana" found in a Marcos-owned building in Manhattan.

### Yugoslavs hear appeal for Nazi war criminal

BELGRADE (AP). — The Croatian Supreme Court yesterday began an appeal hearing of Andrija Artukovic, 86, the so-called World War II "Butcher of the Balkans," who was sentenced to death on May 14.

Artukovic, who served consecutively as interior and justice minister in the short-lived wartime Nazi puppet state of Croatia set up in 1941, had been sentenced for war crimes after a month-long trial in Zagreb, where the appeal was being heard. He was extradited from the U.S. last February 12, after a long legal battle.

### 1,672 'dowry deaths' in India since 1984

NEW DELHI (Reuters). — At least 1,672 Indian women were killed over the past 2½ years in disputes over dowry. Junior home Affairs Minister P. Chidambaram said yesterday.

He told parliament "dowry deaths" jumped to 855 last year from 534 in 1984. At least 283 women were reported killed in the first six months of this year. Many victims are killed by being doused with kerosene and set alight.



## Dear Cats

All those pampering delights you saw on the Between the Chairs programme on TV can be obtained at Kol Bo Shalom, Tel Aviv. MAPET CO., Tel 03-642959

## Fergie vows 'to obey' her prince

LONDON (Reuters). — Prince Andrew married his childhood friend Sarah Ferguson yesterday with glittering pageantry — and a mischievous sideways grin from the bride as she vowed to "obey."

The sun pierced heavy grey skies as Archbishop of Canterbury Dr. Robert Runcie pronounced them man and wife under the great roof of 11th-century Westminster Abbey before 1,800 dignitaries, old friends and the entire royal family.

Outside, tens of thousands of well-wishers cheered the prince and his commoner bride as they rode to church in a golden procession of coaches.

Sarah, once an office secretary, became at once Her Royal Highness the Princess Andrew, Duchess of York — the last title a surprise wedding gift from Queen Elizabeth when she created her second son Duke of York two hours before the wedding.

Britain's most spectacular royal occasion since Prince Charles, heir to the throne, married Diana Spencer five years ago, sprang to life as Sarah stepped from her horse-drawn windowed coach to reveal a dramatically flowing Edwardian gown.

A five metre-train flowed behind her as she walked up the blue-carpeted aisle to the altar, watched by a television audience worldwide estimated at over 350 million.

At the altar she and Andrew exchanged the vows of marriage in clear, confident voices.

Sarah, who had opted for the traditional service incorporating the bride's pledge to obey, unlike her new sister-in-law Diana in 1981, turned cheekily to Andrew and smiled through her veil as she spoke the word.

U.S. First Lady Nancy Reagan, headed a list of distinguished guests from abroad, who included the crown prince of Spain and Japan and many junior members of Europe's royal families, both reigning and exiled.

But many were personal friends of the couple, including actor Michael Caine, Scottish comedian Billy Connolly and rock star Elton John, resplendent in pink dark glasses.

Shipmates of the prince, a naval helicopter pilot and veteran of the 1982 Falklands War with Argentina, sat among the royalty and formed a guard of honour outside the abbey.

Inside, the guests included Andrew's new stepfather-in-law, Argentine polo player Hector Barzantes, who sat with Sarah's mother close to the British royal family.

Britain and Argentina are still technically in a state of war, but there was no note of rancour in the abbey yesterday.

The newlyweds rode back to Buckingham Palace together in an open landau, Sarah's veil lifted as they chatted merrily and waved to the crowds.

A tide of tens of thousands of people flooded onto the broad mall to follow the royal carriages to Buckingham Palace and cheer the couple at their traditional appearance on the balcony.

Police estimated that up to one million Britons and foreigners had poured into London for the event.

Jerry Lewis adds:

Concern about terrorist attacks proved unfounded after the biggest security operation ever mounted in London.

While Scotland Yard spokesmen remained tightlipped about terrorist threats, the two most likely sources were considered to be Arabs who are still annoyed at Britain's assistance to America over the raids on Libya, and supporters of the IRA who have recently seen members of the organization jailed for their part in the Brighton Hotel bombing two years ago.

The Jerusalem Post regrets any inconvenience caused by the incorrect information published regarding Jordan TV's coverage of the royal wedding.

## Iran vows revenge for Iraqi raid on Teheran

BAHRAIN (Reuters). — Iraq said its air force raided the Iranian cities of Teheran and Isfahan yesterday and Iran vowed revenge in the latest Persian Gulf war flare-up.

A military spokesman in Baghdad said its planes attacked a munitions factory near the capital Teheran and a steel mill in Isfahan, nearly 400 kilometres to the south.

Iran's national news agency Irna said seven civilians were injured by a rocket in an Iraqi raid on the southern outskirts of Teheran.

Residents of the capital said air-raid sirens sounded and anti-aircraft guns fired for several minutes. Irna quoted a spokesman for the war information headquarters

saying that the attack — the first on Teheran for 11 weeks — would not go unanswered. The agency did not mention a raid on Isfahan.

In London, meanwhile, the British military journal *Jane's Defence Weekly* said that Iran had started a huge mobilization programme with the formation of 1,000 new battalions of Revolutionary Guards.

It said the guards were taking an increasing role in Iran's new offensive strategy to end the war by next March.

British *Jane's* said the Islamic republic had begun putting together 500 Revolutionary Guard battalions, each with 350 men. Another 500 were to be formed within the next eight months.



Lebanese Army forces face South Lebanon Army units in the area of Kiliya, two kilometres north of the security zone in Southern Lebanon along the border. (Reuters telephoto)

## Polisario admits attack on Spanish fishing trawler

MADRID (Reuters). — The Polisario Front yesterday claimed responsibility for an attack against a Spanish trawler on Tuesday in which a fisherman was killed, saying the vessel was machine-gunned because it was flying a Moroccan flag.

A Polisario communiqué sent to Spanish media said the 341-ton trawler Andes was sailing some 20 kilometres from the Western Sahara coast, controlled by the front, and blamed Spain for the incident.

"This new loss of life in Saharan waters is the Spanish government's responsibility because it allows its citizens to enter a dangerous area," the statement said.

Reports that a Soviet refrigerating ship had also been attacked 80 kilometres south of Cape Barbas

were not confirmed by the Spanish Foreign Ministry or by Soviet Embassy officials here.

Diplomatic sources said Spain is considering imposing stiff fines or removing licences of Spanish vessels which ignored warnings to keep away from the Western Sahara

bank, a territory claimed by the Polisario guerrillas.

Western Sahara is a former Spanish colony. Since Spain withdrew in 1977, 18 Spanish vessels have been attacked and 10 fishermen killed by the Polisario.

Polisario representatives were expelled from Spain last September after their guerrillas opened fire on two Spanish vessels, killing a fisherman and a naval petty officer.

## Grasshopper plague — and no pesticide

ABIDJAN (Reuters). — The threat of grasshoppers to this year's harvests in the central African state of Chad has reached "alarming proportions", a UN Children's Fund official said yesterday.

She told reporters that Unicef's office in Chad had recently received several telexes from the provinces indicating a serious increase in the number of pests sighted, adding that "not one kilo of pesticides" had so far arrived from aid donors to deal

with the problem.

The UN Development Programme on Tuesday posted an emergency meeting of aid agencies in the Chad capital of N'djamena to discuss pest control, she said.

Grasshoppers are a traditional menace in the Sahel, which divides West Africa's coastal plains from the Sahara Desert.

The threat returned last year after good rains ended a decade-long Sahelian drought.

## Landmine near Jezzine

SIDON (Reuters). — One person was killed and three people were injured yesterday when a landmine exploded under a car near the South Lebanon town of Jezzine, security sources said.

The four occupants of the car were believed to be members of the South Lebanon Army.

GRAFFITI. — A Turkish embassy official yesterday complained to Tel Aviv police about graffiti criticizing his country which have appeared on nearby buildings in Rehov Amos. One inscription says: "Stop the torture and deaths in Turkey."

## Missing imam reported 'alive'

BEIRUT (Itim). — The long missing Shi'ite religious leader Iman Musa Sadr may be alive, according to information reaching the Lebanese Foreign Ministry from Senegalese diplomatic sources.

The imam disappeared in 1978 after he left southern Lebanon and arrived in Libya for a visit and it was thought that Col. Gaddafi's government may have murdered the religious leader.

There was no indication in the report of the imam's whereabouts. The report came from recently released Senegalese prisoners.

## Genetic engineers in U.S. produce hepatitis vaccine

WASHINGTON (AP). — A new vaccine to prevent hepatitis by infection was approved by the government yesterday, marking the first time a vaccine produced through genetic engineering has been cleared for human use.

Dr. Frank Young, head of the Food and Drug Administration, announced approval of the vaccine at a news briefing.

The vaccine, developed by Chiron Corp. of Emeryville, California, is called Recombivax HB and will be marketed by Merck Sharp and Dohme, which also makes and markets the only other vaccine for hepatitis B.

The existing vaccine, which has been available since 1981, is produced from the blood plasma of

people infected with the virus that causes hepatitis B, a chronic liver infection that can lead to cancer in that organ.

The new vaccine is made by a special type of brewer's yeast that has been genetically altered to produce a part of the hepatitis B virus that spurs a protective immune-system response.

A major drawback of the vaccine has been its cost, which its manufacturer says stems from the expense of processing large quantities of blood plasma and other production costs.

A typical three-injection course of vaccination costs the consumer about \$100, making it the most expensive vaccine on the market, experts say.

## Thirty-one Sri Lankans slain on bus

COLOMBO (Reuters). — Tamil guerrillas detonated a landmine under a bus killing 31 people on Tuesday 225 kilometres north of Colombo, a military official said yesterday. Twenty-two other pas-

sengers were seriously wounded.

The powerful explosion blew up the bus, which was carrying about 70 passengers, and dug a crater two metres deep in the middle of the road.

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## Israeli Arabs' mixed response to Peres-Hassan summit

By DAVID RUDGE  
Jerusalem Post Reporter

Israeli Arabs reacted to the summit meeting between Premier Peres and King Hassan with a mixture of optimism, scepticism and, in some cases, outrage.

Reactions were as varied as the speculation generated by Peres's surprise visit to Morocco.

Some, echoing the official PLO stance, viewed the king's meeting with Israeli prime minister as a betrayal of the Palestinian cause.

Their opinions, however, formed the minority in a random poll taken by *The Jerusalem Post* yesterday in Arab towns and villages in the North.

Most of those questioned praised Peres's trip as a "step in the right direction."

The more cynical believed it was merely a publicity play on the part of the Israeli premier from which nothing positive would emerge.

On one point, however, opinions appeared to be unanimous — there could be no solution of the Middle East conflict without the participation of the PLO.

The summit meeting was the central topic of conversation at sidewalk cafes in the narrow streets of the old quarter of Acre yesterday.

One man argued that, apart from helping to boost the status of Peres and Hassan in the eyes of Western statesmen, the meeting would achieve little.

He added that Hassan, despite being the current chairman of the Arab League and president of the Islamic Nations' Permanent Committee on Jerusalem, was not empowered to negotiate on behalf of the Palestinian people.

Another man praised Peres's visit — the first by an Israeli premier to an Arab country other than Egypt. He said any move towards peace was welcome and should be encouraged.

Veteran Acre town councillor Ramsi Khouri was among the sceptics. He noted that Vice Premier Yitzhak Shamir had made it clear that Peres had no mandate to discuss territorial compromise with Hassan, although this was a key issue in the Palestinian dispute.

"Given the economic and political instability in Israel and the lack of an agreed government policy on territorial issues, I find it difficult to believe that anything concrete can emerge from these talks," said Khouri, a veteran member of Rakah.

He poured cold water on Hassan's possible role in the peace process.

Khouri also ruled out a separate

peace treaty with Jordan, saying it would not be acceptable to the Palestinian people.

"There can be no solution without the participation of the Palestinian people and their chosen representatives, except through the auspices of an international conference."

"If the king of Morocco can persuade Israel to participate in such a conference, or accept its recommendations, then I would change my opinion. But I don't see such a thing happening," he said.

In contrast, moderate Israeli Arab leaders welcomed the Peres-Hassan meeting.

Mohammed Ghanayim, chairman of the Sakbain local council, praised the talks as "a courageous step on the road to a peace agreement."

"We don't know all the details yet, but the fact of the visit itself, which was a surprise to us all, is a good sign," he said.

Although the Peres-Hassan talks might not produce anything directly, they could open the door to other contacts which, in turn could help form the basis for future peace talks, he said.

"We welcome any meetings between Israeli and Arab leaders and all endeavours that might bring about peace."



General view of the royal palace in Ifrane, the heavily guarded meeting place of King Hassan and Premier Peres. (Reuters telephoto)

## Arabic TV staffers feel left out

By GREER FAY CASHMAN  
Jerusalem Post Reporter

News department staffers of Arabic Television were shocked that no Arabic-speaking journalist was included in the press group accompanying Prime Minister Peres to Morocco.

Arabic Television head Yosef Bar-El told *The Jerusalem Post* yesterday.

He said the news department had

particularly good relations with the Prime Minister's office, and Meir Cohen, who regularly covers the premier's bureau, had felt sufficiently slighted to consider resigning his post. Cohen has made his dissatisfaction known to cabinet secretary Yossi Beilin.

Bar-El and other staffers said they did not blame Israel Broadcasting

Authority Director-General Uri Porat but the person who had been responsible for the organization of press coverage.

Peres was accompanied by Israel Television's Yigal Goren and Israel Radio's Oded Ben-Ami, neither of whom, according to Arabic Television sources, speaks either French or Arabic.

## 'Justice is in danger' — Moda'i

By BARBARA AMOUYAL  
Jerusalem Post Reporter

In his last official statement as justice minister, Yitzhak Moda'i yesterday warned that "dangerous overuse" of the powers of justice may eventually lead to "a weakening of those powers."

Speaking at a farewell party in Jerusalem, Moda'i cautioned senior prosecutors to think carefully before assuming responsibility for matters that could more effectively be handled in a governmental forum.

"The entirely too frequent, often unnecessary, use of judicial forums such as the district court, Supreme Court and High Court of Justice will eventually weaken the very forces of justice we are all bent on preserving," he said.

Moda'i, appearing calm and self-assured before Attorney-General Yosef Harish, Justice Ministry Director-General Meir Gabay, State Prosecutor Yona Blattman and senior ministry staff, told the assembly: "According to reports, many of you are not overwhelmed with sadness at my departure. I believe the contrary, however, that many of you are indeed as sad as I am about my departure."

Moda'i said he preferred to see Finance Minister Moshe Nissim act as Justice Minister until a permanent minister was selected. "The Justice Ministry, by its very nature and importance, should not be without a minister," he said.

Moda'i added, "Here and there, I suppose I made a few mistakes." He apologized to senior staffers who "may have suffered some uncomfortable moments" during his short tenure. "I apologize and take full responsibility for any unseemly actions, and I hope I'll be able to make it up to you in some other capacity," Moda'i said.

Moda'i told Gabay that he now appreciated the special budgetary requirements of the Justice Ministry. "When I sat in the finance minister's chair, I was looking at the situation from a different perspective. I'm certainly glad that the special needs here were brought to my attention, and I hope I may be able to work towards solving these problems in the future," he said.

In a final attempt to drum up support for Harish, Moda'i said: "Both the attorney-general and myself entered this office at a most difficult period. During our short tenure, we've dealt with sensitive, highly controversial issues, such as the Shin Bet affair, the Pollard spy case and the Bejski Commission recommendations."

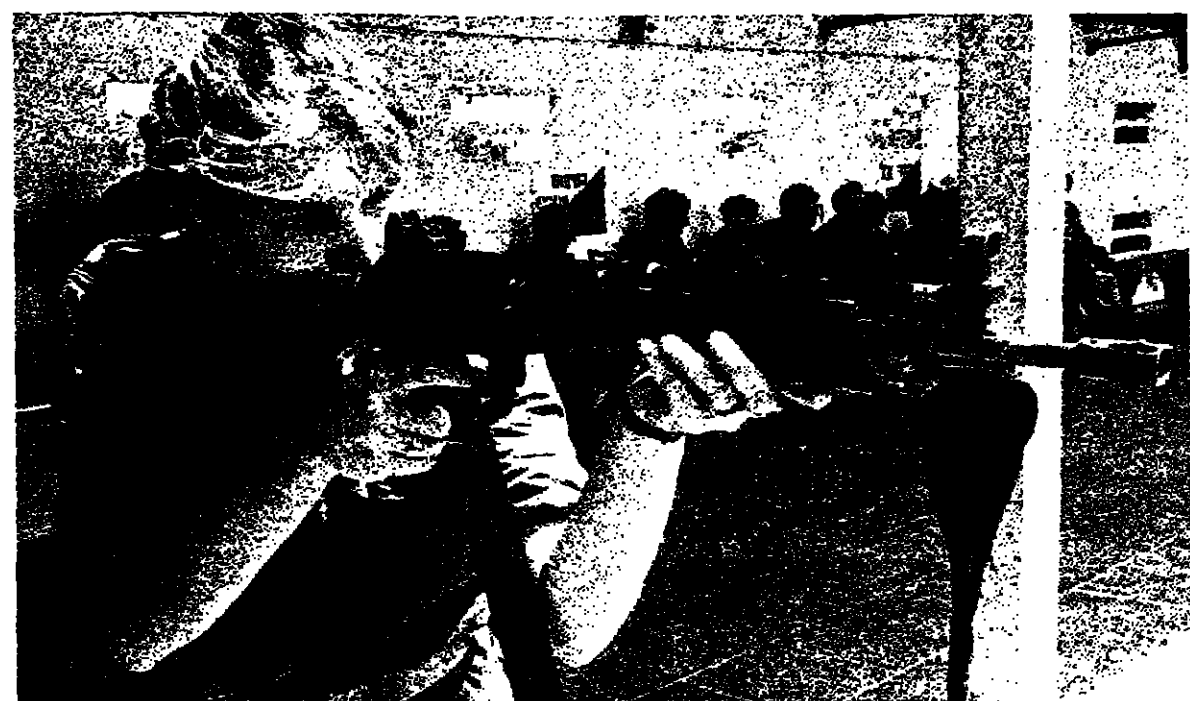
Yesterday's gathering was overshadowed by a feeling of uncertainty. Most senior officials were concerned about the three-month period of weak leadership facing their ministry until the rotation in October.

Moda'i, in a private conversation with *The Jerusalem Post* after the party, said he was genuinely sorry to be leaving the Justice Ministry. He said his three months in office had not been sufficient to "even get started" on the many projects in which he took personal interest.

One such project now being worked on is the modification of the constitutional system. "We have laws and by-laws, but no constitution. I would have been proud to be a part of this dramatic step in our nation's history," Moda'i said.

"For the next two weeks, at least," Moda'i will return to the Knesset as "a faithful member of parliament." He then expects to go on holiday and spend time with his family. "I don't think I'll leave the country. There is much here that warrants my keeping an ear to the ground," he said.

After what Moda'i hopes will be a period of "relaxation and rejuvenation," he intends to devote time to reorganizing the Likud as well as his own Liberal Party.



An IDF shooting instructor demonstrates the use of a Gall automatic rifle to the Young Leadership of Israel Bonds yesterday. (Rahamim Israeli)

## Research cuts 'will hit high tech'

By CHARLES HOFFMAN  
Jerusalem Post Reporter

Israel in the next decade will lose its present ability to compete with advanced industrial economies unless much more money is allocated to basic scientific research, says Prof. Yehoshua Yortner, vice-president of the Israel Academy of Sciences and Humanities.

"Israel is now able to compete, for the first time in its history, with the high-technology industries of the West. This is due to the large investments made in the late 1960s and early '70s in the universities and scientific research," Yortner said in an interview yesterday.

"But I am very pessimistic that we will be able to do this in another 10 years, due to the budget cuts in research in the last six to seven years."

Yortner teaches physical chemistry at Tel Aviv University and is a winner of the Israel Prize.

All Western societies are preparing for the post-industrial revolution, he said, where economic progress will be based mainly on brain power rather than on the processing of raw materials. Basic scientific research creates the knowledge that later becomes the basis of new products and new industries.

"Some 30 years ago, the first computer was built at the Weizmann Institute to do complicated math problems. Twenty years ago laser research made its start here. How

can we imagine our high-tech industries today without these things?"

"Our science-based industries today create \$1.6 billion in exports, which is a five-fold increase since 1978. This is a direct result of earlier investment."

"In the last three years, the U.S. has increased its allocations for basic research by about 25 or 30 per cent, and France has raised them by 30 per cent. In Israel, the trend has been the opposite."

He said that the government was aware of the problems, and that the academy had been asked by the prime minister to prepare a master-plan for the funding of basic research in Israel.

Yortner explained that, during the past few years, the universities had been unable to finance basic research from their regular budgets as they had in the past, due to the drastic drop in government support for higher education. Today, the amount spent on research is less than 1 per cent of the regular university budgets, he said, compared with 20 to 25 per cent in the early '80s.

This means that most basic research is financed by grants for specific projects, which today amount to between \$60 million and \$70 million a year. Some 60 per cent of this amount comes from foreign sources.

"This foreign funding creates serious problems, because it means that our research priorities are deter-

mined by others and that the knowledge developed in this research serves other countries' economies."

"Our best professors prefer to work abroad now on collaborative projects, since the equipment is better and more laboratory staff is available. There is no money for similar facilities here."

The decline in the quantity and quality of research in the country's veteran universities also means that their historical role as being primarily research institutions is threatened. "There is a real danger that the teaching level of the universities will decline to that of colleges," he said.

The U.S. government's total support for basic research is \$8b. a year, Yortner said. In Israel, a comparable level would be about \$140m. But the total amount of government support for higher education in general is \$240m., and only a fraction of this goes to basic research.

The country's basic research requires between \$100m. and \$150m. a year to progress adequately, he said, and must be based on a permanent framework of government support.

He has proposed that a national science foundation for basic research be set up over the next three to four years, with \$30m. a year put into the fund. Applied research is financed by the National Council for Research and Development and the Industry and Trade Ministry, he noted.

## IN BRIEF

### Katsav rejects charge of political hirings

Post Knesset Reporter  
Labour and Social Affairs Minister Moshe Katsav denied yesterday that his decision to replace Employment Service director Baruch Haklai with Herut activist David Menna stemmed from political considerations.

Replying to a motion for the agenda by Dov Ben-Meir (Alignment), Katsav said that, while he appreciated Haklai's qualifications, his shift to another job after nine years was for the good of the service.

Ben-Meir's motion was struck from the agenda by the 25 votes of the Likud and Shas against the 19 votes of the Alignment and Shinui.

### Suicide down in IDF

Post Knesset Correspondent  
Training accidents in the IDF increased in 1985. Aluf Matan Vilnay, head of the IDF manpower branch, told the Knesset Foreign Affairs and Defence Committee yesterday.

But traffic accidents and suicides in the IDF decreased last year Vilnay said. Six soldiers committed suicide last year, compared with 14 the previous year.

Vilnay said in reply to a question that no link had been found between the Lebanon War and suicides in the IDF.

Two of the suicides last year were women soldiers who killed themselves because of unrequited love.

### Bread sales on Pessah could cost dearly

Post Knesset Correspondent  
What could the rap be for selling bread on Pessah?

NIS 2,500, the Knesset Interior Committee learned yesterday, when it prepared the bill prohibiting the sale of bread during the holiday.

Shinui MK Mordechai Vrubovski sent a fox among the chickens when he said the maximum fine should be much lower than NIS 2,500, because "an observant judge might easily impose the maximum fine automatically."

Morasha MK Avraham Werdiger of Poalei Agudat Yisrael retorted furiously: "I could very easily say I have no faith in secular judges. But I'm not the sort of man who makes such statements."

## Murders baffle Negev police

By LIORA MOREL  
Jerusalem Post Reporter

BEERSHEBA. — Negev police are frustrated by their inability to solve the series of brutal crimes committed in the south over the last year or so.

The police are especially stymied by the murder of reservist David Felsen in June 1985, the shooting and assault of a woman soldier near here last August, and the murders of two young tourists — one from West Germany and the other from England — in March and May of this year.

"We are very angry and frustrated," the Negev police spokesman, Sgan-Nitzav Yosef Avni, told *The Jerusalem Post*. "It's not just professional pride that makes us anxious to catch the culprits, but also fear that they may strike again."

Police do not even know how many people they are looking for. There is evidence to link at least two of the crimes to a single man, and other evidence that points to teamwork. Was one man behind all the crimes, sometimes using an accomplice? Was a terrorist ring involved? Did the publicity surrounding the woman soldier's shooting inspire another to commit a similar crime?

The rumours have increased in proportion to the lack of facts.

When the assault and shooting of the 18-year-old hitchhiking woman soldier was publicized last August,

journalists from the more sensational afternoon papers vied with each other for scoops, and as a result several innocent men came under suspicion. Artist Menashe Kadishman vied with the police in putting together a composite picture of the assailant. The pictures were widely publicized but perhaps only added to the confusion.

Just this week a news report contended that the police had found a likely suspect in the murder of the German tourist, a young Beduin from the nearby township of Rahat.

"It's all nonsense," Avni told *The Post*. "The item is incorrect, misleading and based on what the reporter wanted to happen rather than on what actually happened. This is a clear case of yellow journalism — you can quote me on that."

### TV to screen 'Shoah'

Post Knesset Reporter  
Claude Lanzmann's film *Shoah* will be screened on Israel Television after it is shown in the cinemas. Education Minister Yitzhak Navon told the Knesset yesterday.

Replying to a parliamentary question by Ze'evulun Hammer (National Religious Party), Navon said that the delay would enable Israel Television to buy the film at a lower price and result in more people seeing it.



Violinist Isaac Stern, film producer Christopher Higham and Mayor Teddy Kolek are photographed near the Jerusalem Music Centre, a key location in the U.S. network Christmas special, *Holiday in Jerusalem*. Stern will present the Jewish section of the ecumenical production. The Christian segment will feature Irish flautist James Galway, while president Sadat's widow, Jehan, will introduce the Moslem section of the musical, which shows Jerusalem as the cradle of the three monotheistic faiths. Jehan Sadat's appearance will probably be filmed in the U.S., Higham said.

### Austrian socialist leader says:

## Conference on anti-Semitism may be held in Europe

By ILONA HENRY  
Jerusalem Post Correspondent

VIENNA. — Fritz Marsch, general secretary of the Socialist Party of Austria, announced yesterday that his party and the Israeli Labour party were organizing a conference on anti-Semitism in Europe. It is scheduled to take place in France in September.

Asked by *The Jerusalem Post* how the Socialist Party would explain the election of Kurt Waldheim to the presidency, Marsch said "It was easy to harm the image of Austria, but it will be difficult to repair the harm done. We have to accept the results of the election, but nobody can expect us to forget what happened, especially regarding the anti-

Semitism and also the strong anti-Americanism that went hand in hand with it."

President Waldheim, he continued, cannot expect any "advance bonus on trust and confidence on the part of the socialists. But we will act correctly as we did during the inauguration."

Marsch added that he was happy Israeli Ambassador Michael Elizar had returned to Vienna, because this proved that Austria's critics did not lump all Austrians together, and "the necessary distinction was being made by Israel. We cannot control an election — this must also be understood by our friends. A democratic decision must be acknowledged."

## Soviet Jewry protesters heckle Bolshoi

By JERRY LEWIS  
Jerusalem Post Correspondent

LONDON. — Soviet Jewry activists chanted "Save Soviet Jews" and handed out protest leaflets at Tuesday night's opening of the Bolshoi Ballet's first British tour in 12 years. Members of the Thirty-Fives, the women's campaign for Soviet Jewry, held banners and chanted as people arrived at Covent Garden's Royal Opera House for a performance of Yuri Grigorovich's *Ivan the Terrible*.

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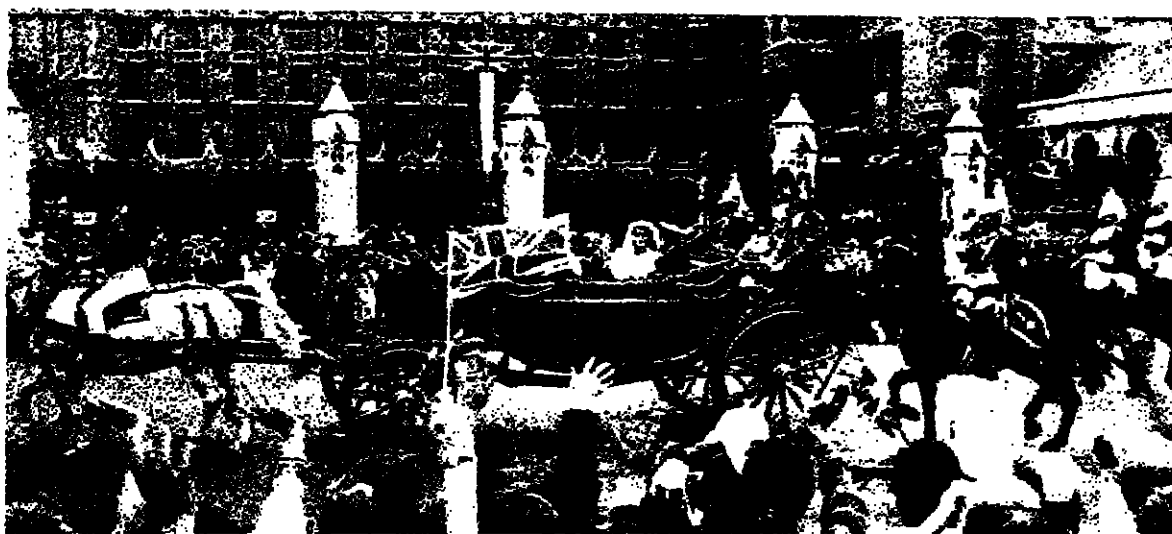
The Duke and Duchess of York lead their bridal procession down the aisle of Westminster Abbey. The duchess is wearing an ornate Edwardian ivory gown embellished with the naval symbols of her sailor husband. (Reuter telephoto)



Pageboy Prince William, 4, and bridesmaid Laura Fellowes, 6, pause for a moment's reflection on arrival at Westminster Abbey. (Reuter telephoto)

# The Royal Wedding

## Sarah and Andrew, July 23, 1986



The Duke and Duchess of York ride in the State Landau open carriage past the Houses of Parliament on their way from Westminster Abbey to Buckingham Palace after their marriage.

## The greatest show on earth

By BERNARD JOSEPHS  
Jerusalem Post Reporter

Now that's what I call a wedding. It had everything. Golden coaches, glittering pageantry, smiling bride, a royal groom and around 400 million witnesses.

Even the sun came out for a few minutes as Prince Andrew and Sarah Ferguson were wed yesterday at Westminster Abbey. It all attested to the fact that the Americans may have Disneyland, but the British have the greatest show on earth - royalty.

For former Brits living in Israel, where the TV people didn't think it was worth more than a brief broadcast, yesterday's events in London were a link with the past. Even those who declare themselves opposed to the notion of a monarchy were - I'm willing to bet - tuned into the BBC World Service.

There they heard a breathless broadcaster almost squeal with delight as she caught sight of the bridesmaids. "Oh, they're absolutely delicious, adorable little things," she gasped.

Her colleague, too, showed signs of royal fever as he described the flower bedecked abbey. "It's excitingly brilliant," he said. "The perfume is astonishing."

They told how a country baker somewhere in the realm had sold out of "Randy Andy" pudding and "Fruity Fergy" buns, made especially for the occasion:

how the bride's father was wearing a morning suit which was made in 1921 and was worn by his father at his wedding.

Fascinating, eh? But why? How is it that a country like Britain, with 3 million unemployed, a war in Northern Ireland, sporadic riots in its big cities and a host of other problems can halt in its tracks and shut up shop for the whole day to watch a naval officer and a former office secretary get married?

Prof. Eliahu Katz, a Hebrew University sociologist who made a special study of the last royal wedding, five years ago, between Prince Charles and Princess Diana, offered this explanation.

"In all such events, royal weddings, moon landings, visits by the pope, which get tremendous TV coverage, people are encouraged to take a holiday. They are lifted out of the normal run of life and feel free to put aside everyday occupations."

"The British could forget about Ireland, about riots and other problems because, in a way, they had all been given a day off. Such an event allowed them to connect up with each other."

"The pageantry gave them a sense of dignity. And they didn't even have to be there. They could dress, invite in friends and sit round the TV, which acts as a kind of focus. It's a very healthy phenomenon."



A happy smile to the crowds from the Duke and Duchess of York on their way back to Buckingham Palace from Westminster Abbey. (Reuter telephoto)



A London bobby obliges jubilant members of the crowd outside Westminster Abbey by using their camera to shoot a souvenir picture as they wait for the royal wedding to begin. (Reuter telephoto)

PEKING. - The struggle inside the Chinese Communist Party over the survival of decentralization has been won by Deng Xiaoping and his supporters.

After a six-month "heated discussion," they have beaten off a conservative coalition which accused the reformers of abandoning the path to socialism. What is now emerging is indeed a China that would have aroused the full fury of Mao Tse-tung.

A chorus of intellectuals and party committees is being orchestrated to give the appearance of public debate. But the main issues have already been settled behind the scenes earlier this summer.

Last year was not a good one for Dengism. Although many peasants

had become well-off as individual ownership was confirmed in all but name, other urban and rural policies were clouded by excessive import, loss of foreign exchange, corruption which tainted the highest levels of the party and, most dangerously, diminished grain harvests.

Deng and his comrades came under attack, which, although uncoordinated, imperilled the prospects for the post-Mao reforms. Chief among the critics was Chen Yun, like Deng, a member of the supreme five-man standing committee of the Politburo. Since the days 30 years ago when he challenged Mao's catastrophic communes and the Great Leap, Chen has won a reputation for plain talking when he thinks the people's livelihood is in peril. Last September, he shook the

## China: Dengists pause for breath

Jonathan Mirsky

party by warning against the loss of central control, the corruption seeping in through the "open door" to the West, and inattention to the production of grain.

As is often the case in China when a policy begins to lose popularity, the party promptly invoked "administrative means" to curb free spending, discourage imports, and to some extent crack down on corruption. Peasants who had abandoned grain cultivation for lucrative cash crops and rural enterprises were offered financial inducements to return to their paddies and fields.

Declining production reflected

the change to caution. In the first half of 1985, growth had been running at an annual rate of 24 per cent. Alarmed by shortages and inflation, the leadership forced growth down to 18 per cent during the second half of the year, and as controls bit deeper the January-April 1986 growth rate sank to a mere 4.2 per cent. It looked as if Chen Yun and the other conservatives had succeeded in dimming Deng's expectations of rapid modernisation.

But it now appears that the De-

ngist did not retreat: they simply paused for breath. High-level party decisions were taken in the spring to further deregulate prices in the centrally-dominated sector, notably steel, where low prices have kept production low, resulting in huge imports to meet construction demands. It is now policy to accelerate deregulation and decentralization, in order to revive production, even at the risk of inflation and urban grumbling.

The Communist Party's newspaper Red Flag insisted last week that talk of a split between conservatives and radicals was a fabrication. But according to the Hongkong Com-

munist newspaper Ta Kung Pao, which has direct links to Peking, what had been a heated discussion in secret about reform has been resolved.

Prime Minister Zhao Ziyang, who is Deng's major ally in the decentralization campaign, recently re-emphasized China's long-term plan for the reform of publicly owned enterprises. Their decision-making powers will be enlarged and mandatory planning reduced; more free transactions will be encouraged between enterprises which are not governed by the five-year plan, to overcome what Zhao called "the lack of vigour of state-owned enterprises."

It is increasingly plain that government reforms will be substantial. At a seminar on government structure in the industrial city of Taiyuan, the

first such meeting for at least 30 years, 30 political scientists, suggested that China's modernisation should be West Germany, Japan, and the U.S. No one recommended a socialist example. A Shanghai professor condemned China's transplanted Soviet-style managerial system of the 1930s.

Other speakers urged the government to stop supervising housing, transport, food and kindergartens. The state could then get on with its "main work": guiding, but not commanding, the economy. Questions are even being raised about political power. In his speech last September, Chen Yun, with his memory of Maoist excesses and an awareness of the mini-cult surrounding Deng cautioned against one-man decision-making. (OFNS)

## Sudan: disaster area no. 1

Richard Walker

KHARTOUM. - Sudan's civil war is now threatening over two million people in the southern region with starvation. As roads to the capital are cut with increasing frequency, leaving the southern capital dependent on airlifted food aid, the UK agency Oxfam has declared that southern Sudan is now "the number one disaster area in Africa."

Southern Sudan has become the victim of a classic civil war stalemate. As large areas in the region's three provinces have fallen to guerrillas of the Southern People's Liberation Army (SPLA), agricultural production has been halted and food has become a weapon in the civil war. The Sudanese military authorities continue to veto the distribution of food in rural areas outside their direct control, despite the fact that Oxfam's latest nutrition surveys show "a level of malnutrition worse than anything we've seen in the north."

The SPLA's latest advance has been the capture late last month of Terekeka, some 40 miles to the north of Juba. Like other victories for the guerrillas' siege tactics, the fall of Terekeka has intensified food

shortages in Juba where displaced villagers are gathering in informal squatter camps.

After briefly running out of food in early July, Juba is now being supplied with 340 tonnes of British-financed emergency supplies, airlifted from Entebbe in Uganda. Agency workers hoped that much larger consignments of food will soon arrive from Uganda, which now offers the only viable overland route into southern Sudan. The shorter route from Kenya has been closed since SPLA guerrillas gained the upper hand along the east bank of the Nile.

In the southwestern province of Bahr el Ghazal, where firm government control is now limited to the town of Wau, food shortages have been worsened by severe inter-tribal fighting. Dinka pastoralists from the Aweil area north of Wau have been forced from their grazing areas by a government-armed militia of Arab herders. The militia, known as the Missariya, was first created as a

buffer between the SPLA guerrillas and government forces. Now it appears that the Missariya are out of control.

Dinka refugees arriving in Wau claim that civilian cattle have been raided by the Arabs, and that several thousand of their people have already lost their lives. They also report that the army garrison in Aweil is neither willing nor able to control the militia, and that at times the army has joined in the destruction of homes and grain stores. Up to 250,000 people are now believed to have been displaced by the Missariya raids.

The Sudan government is now coming under pressure to declare a "food truce" in the disputed areas of the south. A group of Sudanese church-based agencies, together with international voluntary agencies, has formed a Combined Agencies Relief Team (Cart) to provide a neutral vehicle for food distribution in the rural areas. Cart has set itself a programme of strict impartiality, recently switching its airlift programme away from the national carrier Sudan Airways, which also carries military equipment. The intention is

to win the confidence of both sides in the civil war, and repair damage caused earlier in the year when a food aid shipment to the besieged town of Malakal was confiscated by the Sudanese army.

Although SPLA policies are elusive, agency sources say that the indications are that the guerrillas "probably accept the need for supervised food distribution." Meanwhile, in the hope of swaying the government, Cart is stressing the participation of local Sudanese agencies in its plan to distribute 3,000 tonnes of food a month. But all involved remain pessimistic about the chances of breaking the political deadlock.

Despite President Sadiq al Mahdi's announced support for the abolition of Islamic law, a cardinal SPLA demand, the powerful army command appears to remain fully committed to a military solution in the south. And so long as the guerrilla-held areas remain inaccessible, the chances are that if there is widespread starvation this summer, the outside world will not hear of it until far too late.

(London Observer Service)

## Future weapons 'too smart' for troops

WASHINGTON (Reuter). - U.S. troops will not be smart enough to operate high-tech weapons the Pentagon is developing for a new era of remote-controlled warfare, according to a recent report by defence analyst Martin Binkin of the Brookings Institution.

The report said the pool of potential recruits able to maintain, repair and use such weapons is shrinking even as the need for them is growing.

Pentagon planners are at work on a range of weapons which would, in theory, turn much future fighting over to computers and robot-guided weapons.

In the so-called "deep strike system," airborne surveillance systems would locate columns of enemy tanks hundreds of miles behind the front lines and feed target data back to computers. Guided rockets would then be fired, dropping precision-guided munitions which, led to their moving targets by the tell-tale heat of tank engines, would destroy entire enemy tank units before they could join the battle.

Binkin said these sophisticated and complex weapons trends could be stopped short by inadequate manpower and urged a shift to less complicated systems that are easier to

maintain. "By the early 1990s, U.S. armed forces may be caught between a growing need for skilled people to operate and maintain sophisticated weaponry and a diminished supply of youthful recruits capable of absorbing complex training," said Binkin.

Weapons systems such as the advanced F-16 and F-18 jet fighter were built with "diagnostic" equipment to help technicians uncover breakdowns and potential malfunctions. But the diagnostic equipment was itself very complex and tended to

break down or malfunction.

The report said the Stinger shoulder-fired anti-aircraft missile, which the United States has reportedly supplied to guerrilla fighters in Angola and Afghanistan, requires split-second decisions by the operator through each phase of an 18-step aiming and firing process. Army researchers concluded in 1983 that the Stinger was far too complicated for many soldiers.

A military reform movement in congress has voiced many concerns detailed by the report, favouring a shift to weapons that are easier to operate and repair.

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## FEATURES



# On both sides of the track

Text:  
Jonathan Immanuel  
Pictures:  
David Brauner



ONE DAY in 1934, when Nahariya consisted of little more than a few patches of grass and a gleam in the eyes of some intrepid German Jews, an immigrant wandered around Haifa port looking for a Jewish taxi driver to take him there. "Where is this Nahariya?" the cabbies asked. When the man told them, they replied: "We go only as far as Acre. From there you'll have to take the Arab bus that goes to Beirut."

The story illustrates the pride which Nahariyans feel in having opened up western Galilee to Jewish settlement. Even as late as 1947, Jewish Agency leaders in Tel Aviv were prepared to see this prosperous community of nearly 5,000 people absorbed by a Palestinian state; and its fragile economy was more closely linked to Lebanon, 10 km. to the north, than to the farming cooperatives of the yishuv, 20 km. south.

Most of the original settlers would have been happy to remain in Germany if Hitler had not come to power. And once here they wanted little to do with the Polish *Ostjuden* and their obsessive political debates. Instead of introducing another variant of socialism, Zionism, Hebraism or Canaanism, these cultured Central Europeans aimed for something simpler - Zionism with *Gemütlichkeit*.

And so they happily tilled the fields they privately bought from a sheikh in Beirut, and built pretty little cottages and asphalt roads on a neat grid-system. On their private plots they grew strawberries, artichokes and asparagus, and settled down as a German-speaking community on the shores of the Mediterranean. The Yekke had moved in.

As one of the last remaining Yekkes put it: "I learned my Zionism from Goebbels. I came here because

I did not want to settle somewhere else and get another kick in the backside."

The career of 79-year-old Ernst Oppenheimer is in large part the story of Nahariya. Born the son of an Offenburger store owner, he put his hand to the plough at the age of 30, and found that his crop prices could not compete with those of Lebanese farmers. So in 1940 he opened a coffee house on Nahariya's main street - and the Penguin has prospered ever since. His Hebrew is still shaky after 50 years, and he speaks to his children in German. He never dreamed of Hebraizing his name, which is as much a part of him as his language. But when his daughter married a Yemenite immigrant, he could not have been happier.

TODAY, only 4 per cent of Nahariya's 28,000 people earn their living from the soil. Nahariya owes its economic success to the industries the German immigrants were more at home in: Strauss dairies, Iscar tools, Isasbest, Mollett paper mills, and others which have become household words in Israel. More than 10 per cent cater to the tourists who long ago discovered that Nahariya's quiet beaches and old-world grace could not be matched anywhere in the country. And all it takes to get there now is a relaxed two-hour ride by train to the end of the railway tracks from Tel Aviv.

Tens of thousands of tourists have been pleasantly surprised in recent decades to step off the platform and find themselves at the end of Sderot Gaaton, a boulevard sliced by a canal crossed by charming little bridges and strung with fairy lights. Instead of impatient drivers, they find themselves avoiding cyclists and stopping to admire bright red coaches pulled by horses with jingling bells.

This is one of the legacies of the Yekkes who now form no more than 5 per cent of the population. Nahariyans even have a special word for the quality that city spokeswoman Ruthie Carmeli says makes Nahariya the pre-eminent town of northern Israel. She calls it *huyekut* - which means absorbing the sense of civic responsibility, readiness for hard work, and above all a spirit of voluntarism and cultured leisure with which the original German settlers hoped to banish any hint of creeping Levantism.

Until 1948, Nahariya was composed almost exclusively of Central Europeans. The great influx of immigrants after the birth of the state changed its complexion and by 1954 had quadrupled the population to 25,000. Today, Jews of Romanian origin constitute about one-third of the population of 28,000. Among more than 30 other ethnic groups there are Moroccans, Algerians, Libyans, Tunisians, Iraqis, Yemenites, Bulgarians, Turks, Poles, Russians, Georgians, Cochins Indians, Jews from Harbin in China, Hungarians, Czechs, Yugoslavs and Germans.

So great has the Yekke influence been on all these disparate groups that while immigrant Jews in the rest of the country have been painstakingly Israeliized, Mrs. Carmeli can say with confidence that "the truth is, immigrants from the Islamic countries are not only well integrated here, they have been Yekkeized."

If Nahariya consisted only of the one kilometre between the railway tracks and the sea, the claim might be believable. It is a clean city; unlicensed street vendors are nowhere to be seen. I would have been surprised to find a dog-owner letting his pooch relieve itself on the sidewalk. "Not like Tel Aviv," I was

told, and I had to agree. And naturally, the trains not only leave on time (as they do from Tel Aviv), but the carriages and windows are distinctly cleaner on the southbound journey.

HOWEVER, if the right side of the tracks has come to be known as Israel's honeymoon haven, a kind of Baden-Baden on the Phoenician coast, the many Nahariyans living on the wrong side of the tracks have a less happy story to tell.

Givat Katzenelson is only a 10-minute walk from the centre of town but, hidden behind a wooded area of shady eucalyptus trees, it cannot easily be seen from the highway that bisects Nahariya. It was built, along with Givat Trumpeldor further north and Givat Ussishkin to the south, to house the flood of immigrants in the early Fifties. *Asbestonim* on the edges recall the *ma'abarot* transit camps in which the immigrants were first housed - and still are in some cases. Roads are rutted and gardens more often than not are uncared for. Bits of paper drift across the streets and plastic bottles lie crushed by the roadside. Tufts of grass sometimes sprout through the cracked tarmac like unsightly hairs. Instead of bright, jingling horses, heavy cart-horses pull wagons filled with old refrigerators and black-and-white TV sets.

Givat Katzenelson is not exactly a slum. As part of Project Renewal, the suburb was taken under the wing of Cincinnati's Jewish community, and many of the 2,000 residents have benefited. Today, Katzenelson boasts some of the largest villas in town. But they are often badly designed, and their stuccoed whiteness points up the shabbiness of neighbouring cottages which seem to be cracking with the density of the families they contain.

The ramshackle appearance is aggravated by extensions patched on to the original cottages over the years. Small mounds of building de-

tritus left standing next to the new houses suggest that the personal prosperity of some has overtaken their community spirit or the readiness of the municipality to provide suitable services across the tracks. The *shikun* had an image on the better side of town as a source of drug dealing and burglaries which forced people to keep their houses well protected. Many of the immigrants from Yemen, Morocco and Romania who still live in Katzenelson are resentful of the way they were received by the old settlers.

"THE YEKKES called us gypsies," said Romanian-born Avraham Cohen, who runs a grimy furniture store. Galia Marciano, whose parents came from Morocco, recalls that "there was a feeling that the railway tracks formed a kind of social border."

Community-centre director Yuri Hirschfeld said he believed that full integration still had some way to go. "There is no real poverty in Katzenelson, but there is an atmosphere of cultural poverty." When an arts centre was set up here, people from the neighbourhood did not use it. Nahariyans from the other side of the tracks did.

In Trumpeldor, Hirschfeld said, residents demanded a tennis court. "So it was built and about 10 people use it. What did they want it for? I'll tell you. Because the Yekim have tennis courts."

Mrs. Carmeli dismissed these complaints as no more than ripples in a calm pond. She proceeded to quote a Haifa University research project (a very Yekke thing to do) showing that under the stress of Katynusha shellings in 1981, the people of Nahariya behaved with greater self-control than people in other towns (read Kiryat Shmona) and settlements which came under PLO attack. "And remember, Nahariya alone suffered horrible terrorist

attacks from the sea as well," she added for emphasis. "Nobody ran away." (In fact, the population of the town decreased by 2,000 from 1980 to 1985, but lack of economic opportunity is blamed.) She said that Nahariya was the first to convert bomb shelters into schoolrooms, synagogues, health clubs, even clinics, to make them a normal part of daily life. Furthermore, 5,000 residents are involved in voluntary programmes, a figure that cannot be challenged by any other town its size.

IT IS a little ironic to note that most of the genuine Yekke settlers ended up leaving Nahariya for other towns or even other continents. For one reason or another they did not stay the course. But this does not matter much. The Yekke has become disembodied from his ethnic origin. He has become a mythical being held up for emulation and one that has served to help Nahariya keep its strong sense of identity and local loyalty in the battle to prevent a population drift southward.

"The biggest Yekke here is a Moroccan," says municipality director-general Yaakov Kahanov, referring to the city's finance manager, David Kasseva. Both Kahanov and Carmeli were born to Russian parents. Mayor Haim Lavav, recovering from a recent heart attack, is of Romanian origin.

Of course, the German connection is still very tangible. German, not English, is considered the town's second language and tourism to and from Germany is a staple of Nahariya's international relations. Where else in Israel would you see "I love Heidelberg" stickers? And how long has it been since the uniforms of foreign troops looked at home in the window of a Jewish dry-cleaning establishment?

MORE THAN 1,000 Unifil officers, including their families, live in

Nahariya. But it is the younger conscripts who are most lavish in its praise. "It's quiet and orderly. When you come down from Lebanon it's like heaven," said Norwegian corporal Steiner Birkeland.

Not quite the heaven that Rabbi Aharon Keller had in mind though. Periodically, he places advertisements in the local press warning against mixed marriages. His imprecations fall largely on deaf ears.

"We have a very secular population here," he said, shaking his bearded head with some vigour. There wasn't even a synagogue in Nahariya until 1949 and today half the 35 houses of worship are in Givat Katzenelson and Trumpeldor. Butcher shops openly advertise "white steak - non-kosher."

In an interview last year, Mayor Lavav was less concerned by the two or three Nahariya young women who had gone to live abroad with their Unifil husbands and more with the steady drift of young people to cities down south. He was highly critical of a government which could launch a war "to protect the peace of the Galilee" that Nahariya had not asked for, but refused to allocate the cash it so desperately pleaded for to develop the local economy and stem the population drain.

But today, thanks largely to the Lebanon war, Nahariya is considered an alpha-aleph development town on a hostile border, the brightest little development town in Israel.

This, too, may unfortunately be changing. On my last visit there, I was surprised to find that the pretty jingling carriages had disappeared. I found them on the other side of the railway tracks, by the roadside in Katzenelson, apparently abandoned. The horses were in a field, grazing. The Romanian who used to own them has apparently sold them off singly to new proprietors who prefer to put the animals to more profitable use at a riding school.

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## Financing terror through the PLO's network

By JERRY LEWIS

Jerusalem Post Correspondent

LONDON. - James Adams, who has written a guide to the world's terrorist organizations and their finances, has revealed that the PLO, through its holding company the Palestine National Fund, has assets of up to \$2 billion.

In *The Financing of Terror* published in London this week, he says that in 1983, some \$600 million current-account income was generated for the fund, though less than \$100m. of this was raised through donations from wealthy Palestinians or Arab nations. Adams has said the balance was made up by investments all over the world.

He estimates that in 1983, the total income of the PLO exceeded \$1.25 billion, though he believes this has

fallen since it was expelled from Lebanon.

The organization's portfolio is very wide-ranging, covering banks, property (including five large estates in Africa) and legitimate and semi-legitimate businesses.

DIFFERENT Middle East terrorist groups under the PLO umbrella have specialized. The Democratic Front for the Liberation of Palestine has concentrated on investment in light industries such as plastics and textiles, and levying a sliding-scale income tax on all its members.

The Popular Front for the Liberation of Palestine has operated a lucrative forgery network, supplying false passports and identity documents to aspiring terrorists around the world.

According to Adams, the Israeli invasion of Lebanon caused the PLO to move \$400 million out of the country to Switzerland.

The loss of money caused problems for various business operations, but the money is reported to be pouring back again, with the production of drugs in the Bekaa valley generating over \$400 million a year. Some of the drugs are used in exchange for arms.

THE PLO's sophistication has been shown in the way they have become involved in the financing of airlines. Two years ago, it lent \$12 million in soft loans to Nicaragua and it followed that up by donating a Boeing 727 jet to the Nicaraguan airline, Aeronica.

Other aircraft are believed to have

been donated and sources have suggested to Adams that the PLO now owns 25 per cent of the airline.

The organization is also believed to have substantial shares in Maldives Airways and "some involvement" with Sierra Leone Airways, which has two Palestinians on the board.

The expenditure side of the fund operates through Jawid el-Ghassan, a close friend of Yasser Arafat. He hands out money to the participating groups within the PLO according to a complicated formula based on the number of fighting men each has. PLO fighters are reputed to earn \$320 a month.

A former fund official is quoted as revealing that 70-75 per cent of its annual budget goes on administering its 100 offices around the world.

## 'Soviet Jewry activists should ease rhetoric'

By JERRY LEWIS

Jerusalem Post Correspondent

LONDON. - Former premier James Callaghan, who in 1975 helped draft the Helsinki accords on European human rights, has advised Soviet Jewry campaigners not to mix public pressure with private representations. Otherwise, he warned, the Soviet Union will feel a "loss of face."

Callaghan was addressing MPs at the annual awards ceremony of the All Party Committee for the release of Soviet Jewry last week. He said it remained important that the Soviets should know there was "strong pub-

lic opinion" in the West on the Soviet Jewry question.

He said he had been surprised that the USSR had not improved after the Helsinki agreement was signed. As foreign secretary at the time, he had been advised "it would happen."

Callaghan suggested that the links between harsh rhetoric and emigration were clear: "When harsh rhetoric was not employed, more seem to be released." He criticized those who used that type of diplomacy. (Soviet Jewry activists later were sharply critical of this remark.)

This year's twin awards given in

recognition of "outstanding services for the release of Soviet Jewry" were given to refusenik Natasha Khassina, *in absentia*, and English playwright Tom Stoppard, who organized February's highly successful roll call of 10,000 refuseniks outside London's National Theatre using the services of over 150 leading politicians, actors and actresses, writers, athletes and others.

In Khassina's absence, Vladimir Magarik, who was in Britain campaigning on behalf of his recently imprisoned refusenik son Alexei, spoke of her important role of looking after the Prisoners of Zion and

their families, a task she had taken over from Ida Nudel.

Magarik, who knows her well, said she was a very impressive woman who was always cheerful, quick thinking and had great courage. She was a "real hero."

Peter Archer, MP, chairman of the Parliamentary Committee, read an extract of a letter sent to MPs from Khassina in which she described the limitations placed on her activities on behalf of the prisoners and their families. She expressed the hope that the MPs' intervention would prevent further arrests.

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Justice is danger! Modai

# SPORTS

## BASEBALL

### Yankees surge, within four of slumping Bosox

NEW YORK (AP). — Dave Winfield and Don Mattingly led a New York power surge on Tuesday night that boosted Dennis Rasmussen to his seventh straight victory, a 9-1 decision over the Texas Rangers, and helped pull the Yankees within four games of the slumping Boston Red Sox.

Rasmussen, 12-2, allowed three hits in 6 2/3 innings before he was hit on the left elbow by Toby Harrah's line drive. Rasmussen left the game and was taken to a hospital for X-rays.

"It hit him in the meaty part of the arm above the elbow," Yankees manager Lou Piniella said. "There was some pain and swelling. The doctor was fairly optimistic that it was just a bad bruise."

The Yankees took advantage of a fifth straight loss by Boston, 4-2, to Oakland, earlier in the day, to move within four games of the Red Sox for the first time since June 24.

#### AMERICAN LEAGUE

##### A's 4, Red Sox 2

Dave Kingman lined a two-run single in the first inning and scored on Carney Lansford's double, backing the pitching of Joaquín Andujar and two relievers who combined to hold Oakland to six hits.

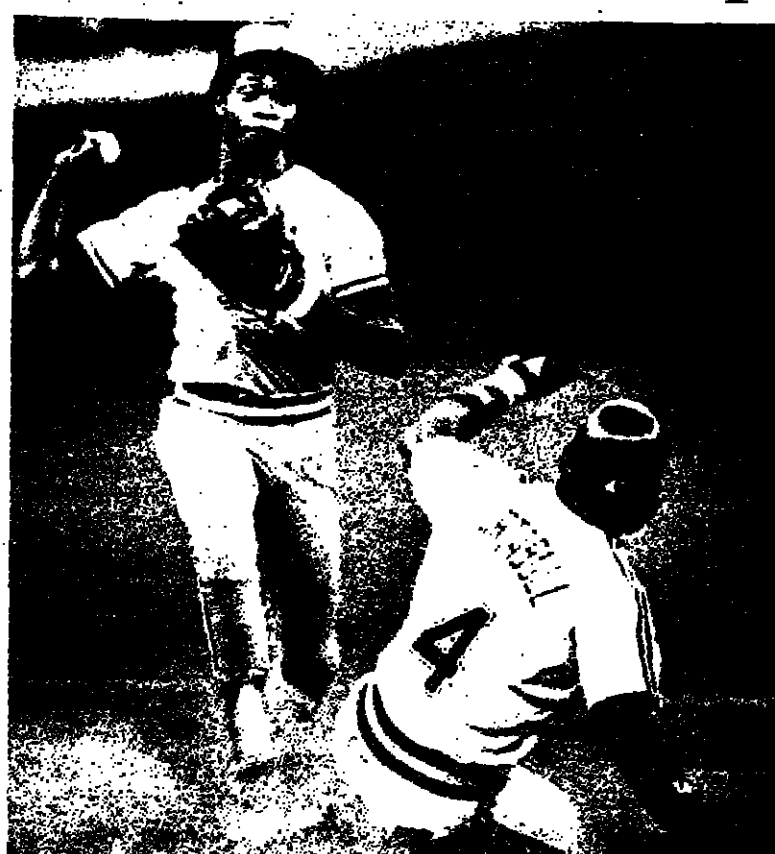
Cal Ripken broke a 4-4 tie in the eighth inning with Baltimore's fourth home run of the game. Rookie Jim Traber drove in three runs with a pair of homers and Fred Lynn added a solo shot as the Orioles twice overcame two-run deficits in the first four innings.

##### Tigers 3, Twins 0

John Grubb homered twice, driving in all of Detroit's runs. Walt Terrell did not give up a hit until the sixth, then gave up two in the ninth before he was relieved. Willie Hernandez retired one batter with the bases loaded for his 19th save.

##### Indians 8, White Sox 4

Chris Bando's two-run double capped a six-run first inning and Tony Bernazard had two of Cleveland's eight hits in the outburst. Joe Carter, Mel Hall, Brook Jacoby and Pat Tabler singled in the first four runs.



OBSTACLE. — Seattle Mariners' right fielder Danny Tartabull slides into home plate during a game Tuesday night. Seattle won the game in 12 innings 8-7. (Reuter telephoto)

land's eight hits in the outburst. Joe Carter, Mel Hall, Brook Jacoby and Pat Tabler singled in the first four runs.

#### NATIONAL LEAGUE

##### Astros 1, Expos 0

Nolan Ryan allowed one hit in 9 1/3 innings and struck out 14 batters, then Glenn Davis' home run ended the game in the bottom of the 10th. Davis hit 21st homer of the season off Montreal starter Floyd Youmans, tying him with Mike Schmidt for the NL lead. It was only the third hit off Youmans 10-6.

##### Cardinals 10, Giants 7

Andy Van Slyke tripled and homered to start and finish St. Louis' eight-run fifth inning. The Cardinals' biggest inning of the year also featured Ozzie Smith's two-run single as the 11 men went to the plate. The game was delayed 15 minutes by a seventh-inning fight. San Francisco manager Roger Craig and two Giants players were ejected following the five-minute brawl, which erupted when Vince Coleman was struck by a Frank Williams' pitch.

Dodgers 4, Pirates 3  
Reggie Williams hit a two-run homer as the Los Angeles Dodgers rallied for three ninth-inning runs against reliever Ceciliano Guante. Pinch-hitter Alex Trevino doubled and scored on a groundout for the first ninth-inning run.

Phillies 5, Braves 4  
Atlanta's Ken Griffey hit three home runs, but Tom Foley's pinch hit single with two out in the 11th inning gave Philadelphia the victory. Von Hayes, who hit a two-run homer in the first, doubled and scored on Foley's hit.

Cubs 6, Padres 4  
Ed Lynch pitched seven shutout innings before yielding three runs in the eighth, and Chicago handed San Diego its fifth straight defeat. Lee Smith pitched the ninth for his 16th save.

#### AMERICAN LEAGUE EAST

	W	L	Pct.	GB
Boston	57	36	.613	
New York	54	41	.568	4
Cleveland	50	45	.526	8
Baltimore	48	47	.505	10
Toronto	46	49	.484	12
Detroit	46	49	.484	12
Milwaukee	44	48	.478	12 1/2

#### WEST DIVISION

	W	L	Pct.	GB
California	49	44	.527	
Texas	47	46	.505	2 1/2
Kansas City	43	51	.457	6 1/2
Chicago	42	50	.457	6 1/2
Seattle	42	50	.457	6 1/2
Minnesota	39	53	.424	10 1/2
Oakland	39	57	.406	11 1/2

TUESDAY'S GAMES: Oakland 4, Boston 2; New York 9, Texas 1; Detroit 3, Minnesota 0; Cleveland 8, Chicago 4; Baltimore 5, Kansas City 4; Seattle 8, Toronto 7; 12 innings: Milwaukee 6, California 2.

#### NATIONAL LEAGUE EAST

	W	L	Pct.	GB
New York	62	28	.689	
Montreal	48	41	.539	13 1/2
Philadelphia	45	46	.495	17 1/2
Chicago	40	47	.457	22
St. Louis	40	52	.435	27
Pittsburgh	38	52	.422	24

#### WEST DIVISION

	W	L	Pct.	GB
Houston	52	42	.553	
San Francisco	50	44	.532	2
San Diego	49	45	.520	4
Cincinnati	45	47	.489	8
Atlanta	43	50	.462	11 1/2
Los Angeles	43	50	.462	11 1/2

TUESDAY'S GAMES: Chicago 6, San Diego 4; Los Angeles 4, Pittsburgh 3; New York 9, Cincinnati 3; 14 innings: Philadelphia 5, Atlanta 4, 11 innings; St. Louis 10, San Francisco 7; Houston 1, Montreal 0, 10 innings.

## ATHLETICS

### World's fastest man runs, runs....

EDINBURGH (Reuter). — Ben Johnson, currently the world's fastest man, has two Americans firmly in his sights as his triumphant passage on the world's athletics circuits continues.

Johnson, who has exploded to the forefront of world sprinting in the past 12 months, is the hottest of favorites for the Commonwealth 100 metres title. The 24-year-old Canadian caused a mild stir when he ran an even 10 seconds into a head wind to win the 100 at last year's World Cup in Canberra. He then enjoyed a wonderful indoor season, winning eight consecutive sprints and setting a world best for the 60 metres. Eyebrows were further raised when Johnson defeated quadruple Olympic champion Carl Lewis in San Jose in the opening meeting of the Grand Prix circuit.

But the squarely-built Canadian really caused a sensation in Moscow two weeks ago when he flashed to victory in 9.95 seconds at the Goodwill Games — the fastest time ever at low altitude.

Lewis was a well beaten third that day, and the American, if he had not already realized it, knows now that Johnson is serious when he says he plans to take over as the world's top sprinter.

And another American, world 200 metres champion Calvin Smith, has graphic evidence that his 100 metres world record of 9.93 seconds is in grave danger.

Johnson, who provided the sole



interruption to the U.S. sprint monopoly at the Los Angeles Olympics when he won the 100 metres bronze, does not appear a man given to bombast.

So when he said here that he could have run 9.90 in Moscow if his starting blocks had not slipped, nobody doubted that the Canadian could propel sprinting into a new era.

But Johnson also made it perfectly clear that world records were not his primary aim.

"I had a dream as a kid to be the best in the world," said Johnson, showing one of his few flashes of animation. "My goal is to be number one in the world. I aim to be number one in the world for the next three years."

Those three years will comfortably take in next year's World Championships in Rome and the Seoul Olympics the following year.

And his ambitions after Seoul? "After 1988 I will do track for another four years then pack it in."

Johnson has been dedicated to the pursuit of pure speed since he was a child in Jamaica.

One of Johnson's childhood heroes was local sprinter Don Quarrie, who capped a distinguished career by winning the 200 gold at the 1976 Montreal Olympics.

In the same year Johnson's parents moved to Canada and two years later Johnson came to the attention of sprint coach Charles France when running on a Toronto track.

Francis says he first coached Ben's older brother Eddie but was quickly impressed with the talent of the younger Johnson.

Johnson showed flashes of occasional brilliance in those days but it was not until 1980 that he became a sprinter of consistently high class, according to Francis.

The demands of modern athletics have left their mark on Johnson.

Described in the Canadian team book simply as a "full-time athlete," Johnson says athletics is his life.

"That's all I do, I just train. I have time to go to the movies with my girlfriend, but mostly I just train."

Such dedication is essential to get to the top. Allied to Johnson's awesome natural talent, this drive may soon catapult the shaven-headed Canadian to the heady heights of undisputed world number one.

## CRICKET

### Kiwis rely on Hadlee again

LONDON (Reuter, AP). — Richard Hadlee, New Zealand's main strike bowler and the fourth highest wicket-taker in test cricket history, carries even greater responsibility than usual against England at Lord's today.

He goes in to the first Test of the three-match series desperately short of experienced support, following an injury which has ruled out his expected new ball partner, Ewen Chatfield.

Chatfield fractured his right thumb during the first one-day international at Headingley last week, leaving New Zealand to complete their pace attack from Derek Stirling, who has played only four Tests, the promising Willie Watson or Brian Barrett, both of whom are untried.

Hadlee, whose 315 test wickets are exceeded only by Dennis Lillee (355), Ian Botham (354) and Bob Willis (325), has rarely failed on the big occasion. New Zealand are elated that Jeremy Coney is fit.

#### Tour de France

SAINT-ETIENNE, France (Reuter). — Julian Gorsepe of Spain won the 19th stage of the Tour de France here yesterday.

He covered the 179.5 kilometres from Villard de Banne in four hours, 36 minutes and 15 seconds.

American Greg Lemond kept the overall lead.

## COMMONWEALTH GAMES

### Coe v Cram — classic in the offing

EDINBURGH (Reuter). — Olympic champion Sebastian Coe versus world champion Steve Cram, the runner against the racer, looks certain to be the highlight of the athletics competition at the Commonwealth Games.

The two gifted Britons are scheduled to meet over 800 and 1,500 metres and no clash this year has been awaited with more eager anticipation.

Coe, two times Olympic 1,500 champion, and Cram, winner in the same event at the Helsinki World Championships, appear to have timed their preparation to perfection.

Cram ran the fastest 800 of the year in Nice last week, clocking one minute 43.62 seconds, and Coe responded with the quickest 1,000 when he ran 2:14.90 in unfavourable conditions in London.

Coe has never won the two-lap event in major competition. Accordingly this year's two top meetings, the Commonwealth Games and the European Championships, represent probably his last chance to show he can win big 800 races as well as set records.

Fascinating as the shorter event is likely to be, it is the 1,500 which promises to provide a classic.

Coe's ability to move up two gears in the final 200 was instrumental in his winning two Olympic titles.

By contrast Cram, who runs to win rather than set records, has shown in the Commonwealth, European and world 1,500 finals that he has the ability to time his final surge to perfection at any point from 300 metres out.

Cram and Coe may also have to worry about Steve Ovett, the British former Olympic gold medalist who finished strongly to win the 1,500 metres in the Paris International Athletics meeting Tuesday.

Ovett, Olympic 800 metres champion at the 1980 Moscow Games, hit the front as he came off the final bend and held off the challenge of Australian Mike Hillard to win in three minutes 34.50 seconds.

"It was very good for me. It was my fastest 1,500 metres in about three years. It was an encouraging performance. My speed was good," Ovett, the former world record holder for the event, said.

The absence through the political boycott of the African territories robs the middle and long distance events of the glamour and excitement the Kenyans and Tanzanians invariably bring to the games.

The boycott also deprives the men's 100 metres of the explosive Nigerian Chidi Imoh, one of the few people likely to upset Canadian Ben Johnson.

Johnson has been unquestionably the athlete of the year so far, running a world low altitude best of 9.95 seconds in the Moscow Goodwill Games and defeating world and Olympic champion Carl Lewis twice by decisive margins.

Another event badly affected by the boycott is the men's marathon where defending champion Rob de Castella of Australia and Tanzanian Juma Ikangaa held the Australian

#### Moses wins his 113th

PARIS (Reuter). — Majestic Edwin Moses reeled off his 113th straight victory in the 400 metres hurdles and said Aouita made a winning return from injury in the Paris International Athletics meeting Tuesday.

Double Olympic champion Moses subdued the challenge of Senegal's Amadou Dia Ba and won in the year's fastest time of 47.66 seconds to extend a record stretching back to August, 1977, the date of his last defeat.

The perky American strode clear with his customary untroubled power.

nation spellbound as they fought out the final kilometres in the early morning in Brisbane four years ago.

De Castella, who is also the world champion, showed he had returned to his winning ways with a fine victory in this year's Boston Marathon.

The main loss through the Caribbean defection is Jamaica's world men's 400 metres champion and Commonwealth titleholder Bert Cameron.

Australian Darren Clark, who finished a brave fourth in the Olympic final, is now the hot favourite to win his first major title.

The 5,000 metres holds plenty of interest for track fans with England's Steve Ovett and New Zealander John Walker intent on proving they can compete at the highest level at a distance at which they are comparative novices.

Walker, the 1976 Olympic 1,500 champion, competed unsuccessfully at the 5,000 in the Los Angeles Olympics while Ovett, who beat Coe to win the 1980 Olympic 800 title, makes his debut at the distance in a major championship.

Field events have not traditionally been one of the Commonwealth's stronger areas but a notable exception here is the women's javelin.

England's Fatima Whitbread, the world silver and Olympic bronze medalist, has thrown over 70 metres four times this year and is a hot favourite to beat her compatriot and

close rival Tessa Sanderson, the Olympic champion.

In swimming, the bitter rivalry between Canada and Australia in the Brisbane pool four years ago could resurface in the Edinburgh swimming programme, which is virtually unaffected by the boycott.

Psychological warfare, clenched fists and heated protests marked the 1982 swimming events. Fans from the two nations shouted one another down and at times refused to stand for their rivals' national anthem.

Sophisticated technology brought a rash of disqualifications and led to a Canadian team walkout despite the presence of Queen Elizabeth. One Canadian disqualification after a relay brought a counterclaim that the Australians had swum out of order.

All protests were disallowed, heightening the acrimony.

But the intensity of feeling may diminish this time round. "I'm sure the Canadians will poke it up our noses as much as we poke it up theirs," Australian swim team manager Tom Brazier said this week.

"I think it will be a bit more civilized this time. It has to be kept within limits or it becomes repugnant."

Canadian men's coach Clifford Barry said: "We won on home ground in Edmonton in 1978, they won in Brisbane in 1982."

"This is a rubber match on neutral territory. We think it will be close," he added.



WILL HE SMILE THIS TIME? — Sebastian Coe exults as he crosses the line to win the 1500 m. final in the Los Angeles Games.

### Martina slows the trains

PRAGUE (AP). — If the trains run a little late around Prague, the station masters know why. Several rail lines carrying passengers run along the back side of court No. 1 at the Svanice Tennis Stadium, and it is there that Navratilova is on court.

Whenever a train goes by, it slows down a bit, the passengers and crew hang out the windows to watch.

What they see is more a family reunion than a tennis match, a love feast on red clay, featuring Navratilova's power game.

A day after her emotional return to tennis in her homeland, Martina Navratilova struggled on centre court yesterday before heating Arantxa Sanchez of Spain 6-3, 6-0, to move the United States into the second third round of the Federer Cup.

The victory was capped by wild applause and cheering for Navratilova, and with her waving and blowing kisses to the fans. She also signed autographs for about half-dozen children who ran on to the court.

The win, combined with Chris Evert Lloyd's 6-1, 6-0 defeat of Spain's Maria Llorca, gave the Americans an unbeatable two-match lead in the best-of-three second-round series.

West Germany's Claudia Kohde-Kilsch, ranked fifth worldwide, was beaten in straight sets 6-2, 6-4 to Brazil's Niegé Dias, in a major upset on the centre court.

Kohde-Kilsch never found her form in the one hour and 44-minute duel, hitting wide and failing on her service. But Germany won the tie 2-1.

Other results: Czechoslovakia b. Switzerland 2-0.

## TODAY'S ENTERTAINMENT

### TELEVISION

EDUCATIONAL: 9:00 Keep Fit 9:10 Nils Horgerson (part 5, repeat) 9:30 El Cid (part 21) 10:00 Just William (part 21) 10:30 TV Games (repeat) 11:00 Keep Fit 11:10 Nils Horgerson (part 5, repeat) 11:30 TV Games (part 21) 11:50 TV Games (part 21) 12:00 TV Games (part 21) 12:30 TV Games (part 21) 12:50 TV Games (part 21) 1:00 TV Games (part 21) 1:30 TV Games (part 21) 1:50 TV Games (part 21) 2:00 TV Games (part 21) 2:30 TV Games (part 21) 2:50 TV Games (part 21) 3:00 TV Games (part 21) 3:30 TV Games (part 21) 3:50 TV Games (part 21) 4:00 TV Games (part 21) 4:30 TV Games (part 21) 4:50 TV Games (part 21) 5:00 TV Games (part 21) 5:30 TV Games (part 21) 5:50 TV Games (part 21) 6:00 TV Games (part 21) 6:30 TV Games (part 21) 6:50 TV Games (part 21) 7:00 TV Games (part 21) 7:30 TV Games (part 21) 7:50 TV Games (part 21) 8:00 TV Games (part 21) 8:30 TV Games (part 21) 8:50 TV Games (part 21) 9:00 TV Games (part 21) 9:30 TV Games (part 21) 9:50 TV Games (part 21) 10:00 TV Games (part 21) 10:30 TV 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# Festivals draw crowds, not profits

By LEA LEVAVI  
Jerusalem Post Reporter

The number of cultural festivals in Israel may be proliferating, but the trend is certainly not indicative of their profitability. Indeed, festival organizers say the economics of festival-making virtually preclude the possibility of running in the black.

"A profit-making festival is not a realistic idea," says Tsachi Becker, now director of Beit Leissin but who was involved in organizing the Israel Festival, the puppet theatre festival and the Acre fringe theatre festival. "Arts in general don't make a profit. Even the theatre in New York is subsidized; the only difference is that it's subsidized by foundations and private patrons of the arts."

If festivals and other performing arts events had to be self-sustaining, he says, ticket prices would have to be at least twice as high - for some performances five times higher - as they are now.

"If you bring a theatre company from abroad, you have to pay plane fares, hotels, freight shipping and handling costs for props and scenery, and more," Becker explains. "Okay, El Al gives you a discount and hotels donate rooms or give discounts and foreign embassies help with expenses in the case of international festivals or other visits here by important artists from their countries. If the audience had to pay for everything, it would still be too expensive for anyone to come see the show."

Subsidies to the arts provided by the Ministry of Education and Culture are lower than in other Western countries, he says, and they are being cut even further because of cuts in government spending across the board. The Foreign and Tourism Ministries may help with some aspects of international festivals, and municipalities and foundations also help. Donations from private sources are rare here, though Liora Moriel, organizer of the women's music festival, found three families in the U.S. which were willing to donate \$5,000 for the festival's opening night.

In other countries, sponsorship of the arts by business is common, but the idea has not caught on in Israel. Barry Swersky of the Bat-Dor Dance Company, who had tried together with Avner Shalev, head of the Culture Department in the Ministry of Education and Culture, to promote the idea here did not succeed.

"It doesn't pay business from a tax point of view, because there is almost no tax advantage in supporting the arts," Swersky explains. "We've been trying to convince the government to change the tax law, but nobody does anything except say it's a good idea. The Labour Party mentioned it in its platform for the last elections, but nothing practical came of that, either."

Businesses will buy ads in theatre or concert programmes, but this is

not a dependable source of income. As one advertising man puts it, "It provides prestige, but how do you measure the money value of prestige? The truth is that for the same money my client can put an ad in a mass-circulation newspaper and reach a much larger audience."

Not everyone who sponsors art festivals ends up in the red, however. Pinchas Postel, for instance, has been running his own mini-festival in Tel Aviv for the past two years, and some of the artists he has brought from abroad for the purpose also participated in the Israel Festival. Apparently he turns a profit, but he would not explain how. "All I can tell you is that it is possible to make money on high-quality artistic performances," he says. "If it weren't, my firm would have closed its doors long ago."



The Israel Festival opening in May: culture for fun but no profit. (Brian Hendler)

# Autumn fair aims to boost U.S. - Israel trade ties

Jerusalem Post Reporter

Israel is the only country in the world with a free trade agreement with both the U.S. and the European Community - which could make it an ideal production base for U.S. manufacturers selling to Europe and for European manufacturers selling to the U.S.

That is just one of the possibilities participants will discuss at the Israel-America Trade Week in Tel Aviv November 16-21. More than 100 U.S. business executives are expected to attend.

The fair organized by the Israel-American Chamber of Commerce, is intended to examine the Israel-U.S. Free Trade Area Agreement (FTA) on its first anniversary. "Already there are indications that the agreement has given things a psychological push," said Arye Makleff, President of the Chamber of Commerce in an interview with The Jerusalem Post.

But there have been some actual results because of the agreement, Makleff said. For one, Israeli exports to the U.S. exceeded imports from the U.S. for the first time in 1985, increasing nearly 30 per cent compared to 1984.

The export of diamonds and pre-



Arye Makleff (Michael Freidlin)

cious stones to the U.S. increased the most after the FTA agreement. It also led to textile exports to the U.S., which dropped its strict quotas for a trial run as part of the agreement. As a result, Israeli exports to the U.S. will double at the end of the agreement's first year.

The trade week will offer seminars, workshops and speeches by mayors, ministers and diplomats, said Makleff. Prime Minister Peres will open the session, and U.S. trade Representative Clayton Yeutter and Industry and Trade Minister Ariel Sharon will speak.

Participants will be able to visit plants and factories, meet manufacturers, and ask questions about the agreement to Israel and U.S. lawyers.

President Herzog is also expected to attend the Trade Week.

## WORLD NEWS IN BRIEF

### Exim Bank wins renewed authority

The export-import bank got renewed authority from the Senate Tuesday to aid Third World nations in purchases of American goods and attached a feature to spur Soviet purchases of U.S. wheat.

"We've got grain coming out of our ears, and I don't care if it's the Soviet Union or who it is - we've got to sell our grain," Senator James Exon told the Senate.

The 10-year extension of the Exim Bank, as it is called, also includes a \$300 million "war chest" designed to combat allegedly unfair credits provided by other nations to their customers to stimulate sales.

AUTHORITIES IN SHANGHAI have officially designated 18 areas as special economic zones to boost foreign investment, a pro-Peking newspaper in Hongkong reported yesterday.

The 18 areas, which include satellite towns around Shanghai, cover nearly 525 kilometers, designated to

absorb foreign companies or joint venture projects. Ta Kung Pao reported. Shanghai authorities adopted several benefits to lure investors, including a 15 per cent tax break on profits and tax exemption for all items imported for the personal use of foreign workers, the paper said.

DEBT-PRESSED MEXICO won a helping hand here Tuesday from the World Bank with three loans totalling \$698 million to help finance its economic recovery.

The International Monetary Fund, meanwhile, announced an economic planning agreement which should enable Mexico to receive a \$16 billion stand-by credit in September.

Both the World Bank and IMF also called on private commercial banks to dig down deep to find more money for Mexico. Mexico is staggering under the weight of a \$98b. foreign debt, the second-highest in the developing world.

NORTH SEA BRENT OIL for September delivery fell yesterday to \$9.40 a barrel.

## THE TAX BURDEN

# Taxing new immigrants' currency from overseas

Could you please advise on the taxability of foreign currency, brought into Israel from abroad, by new immigrants?

The question is wide-ranging; I shall endeavour to deal with the more common sources of foreign currency received by new immigrants.

Social Security payments/pensions received from overseas by new immigrants are exempt from income tax in Israel on condition that these are similarly exempt in the country of origin, and excluding payments specifically taxable under the various treaties for the avoidance of double taxation. It is interesting to note that, under certain of these treaties, the new immigrant may greatly reduce the tax burden on pension-income during the first seven years from immigration.

Income received by a new immigrant from a foreign source - and taxable only because it was received in Israel - is exempt from tax for a period of seven years from the date of aliyah. Income tax is generally levied on income from an Israeli source or where received in Israel; it is the latter that is of significance in tax planning for new immigrants, particularly after the seven-year period has elapsed. (This seven-year exemption is exercised at the discretion of the Treasury who, in practice, generally grant it.)

A capital gain, by a new immigrant, made on the sale of an asset outside Israel and held prior to becoming a new immigrant, is exempt from capital gains tax if sold within seven years of aliyah.

Interest earned by new olim on foreign currency deposits (Patach accounts) are exempt from income tax during the first 20 years from date of immigration on condition that the monies are held with local commercial banks.

I am a "returning resident" (as defined by law), now seven years in the country since my return. Are there any new changes governing returning residents?

Returning Israelis, previously exempt from income tax earned on free foreign exchange deposits held with Israeli banks for a period of 10 years from the date of return may now enjoy the exemption for a period of 20 years, similar to that of new immigrants, providing they were outside the country for at least 10 years.

Other income - received by a returning Israeli and taxable only because it was received in Israel - is exempt from income tax for a period of seven years from the date of return; provided that 10 years have

passed since the granting of the last exemption.

It is possible to delay value-added tax payments to the Treasury, thus in effect providing interest free short-term government credit.

VAT reports are submitted monthly (on the 15th) together with the appropriate payment of the VAT due (unless the taxpayer is entitled to a refund). Planning by means of delaying tactics may therefore provide useful credit facilities from the authorities. The VAT law stipulates that a tax invoice (hashboni mas) must be issued within 14 days of the sale of goods or services or property and building transactions. It also must be issued within seven days of the receipt of any monies (including partial payments) or within seven days of the transfer of the property, whichever is earlier.

Interestingly enough, the section in the law dealing with the submission of the monthly VAT reports specifies that the report is to include transactions on which the taxpayer is liable to issue invoices during the period (even where exempt) and also transactions for which tax invoices have been issued, even where not required by law.

It is apparent, therefore, since the basis for reporting is the time of issue of tax invoices and not at the time the VAT liability arises, that the taxpayer should plan accordingly: this has particular significance in the last 14 or seven days of the month reported on. For example, fees paid to a dentist on November 26 may be tax invoiced on December 3 and, therefore, reported for VAT purposes in the December report submitted on January 15.

However, in order to comply with the income tax and VAT provisions governing the keeping of proper books of account, the taxpayer must issue a delivery note or invoice on the sale of goods (e.g. shopkeeper) and/or an appropriate receipt on the receipt of cash (e.g. an attorney). It should be stressed that such tax planning must be implemented with due caution, with careful attention to compliance with all the provisions governing the books of account.

Finally, most authorized dealers will certainly require timely tax invoices so as to set them off against their VAT obligations for the same period in which the purchase or expense was made, or alternatively, where payment was executed. So we do have a potential conflict of interests.

The writer is a Certified Public Accountant (Israel). Questions to Jeff Brinade may be sent to him c/o The Jerusalem Post

# Volcker: foreign growth better than falling dollar

WASHINGTON. - Federal Reserve Board Chairman Paul Volcker said yesterday that expanded foreign markets was a more constructive way of improving the U.S. trade deficit than a further sustained fall of the dollar against the yen and Deutsche mark.

Asked during a Senate Banking Committee hearing if he thought a further fall of the dollar against the yen and the mark would improve the U.S. trade picture, Volcker replied, "It depends. I have thought that at times."

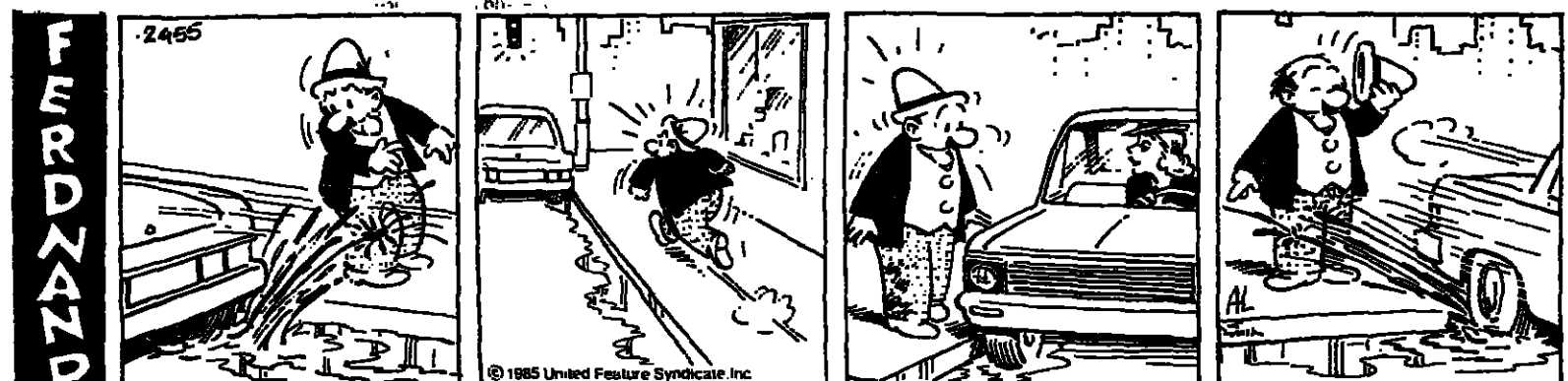
But, he added, "a more important and constructive way" of easing the trade deficit would come from an expansion of foreign markets.

Throughout his prepared testimony, the Fed chief made several clear references to the dangers of a further sustained decline of the dollar.

Volcker said the central bank would cut the discount rate in isolation again if it decided that policy was appropriate. "I think it's implicit in everything I said," Volcker declared.

But when asked if such an answer appeared to contradict everything he said in prepared testimony, he said he believed in international policy coordination "in the sense of broadly complementary policies."

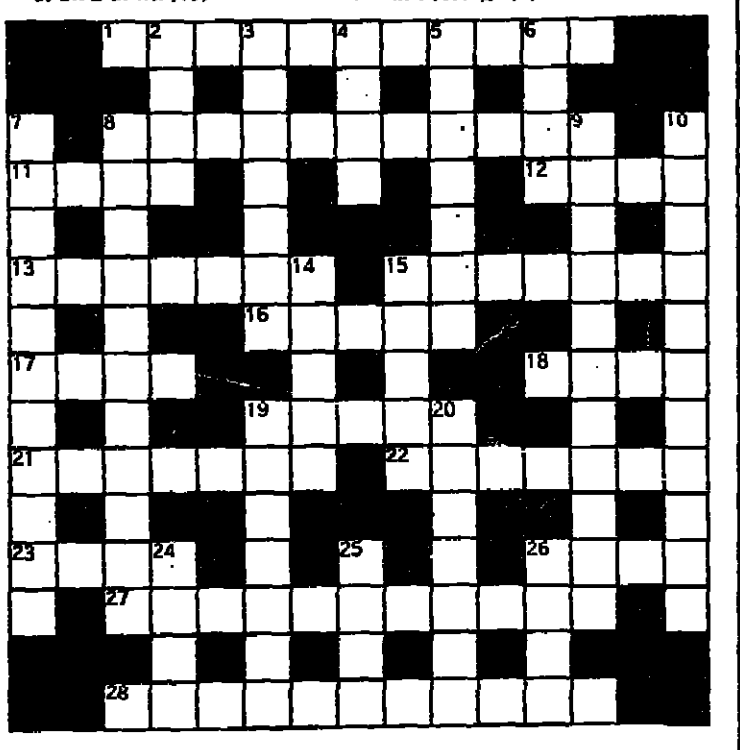
He said the second-quarter gross national product estimate of 1.1 per cent was subject to revision because not all of the data was completed when it was calculated. He pointed out to the Senate committee that the first-quarter was revised upward by almost a full point.



## ONE-ON-ONE CROSSWORD

- ACROSS**
- Some sly-tars will change mundane surroundings (5,6)
  - Ministers not to be seen accompanying stars (11)
  - A sign of love, guys (4)
  - North European town in a most lovely environment (2-2)
  - The decoration so often looks wrong (7)
  - Trickery of the French in a sense (7)
  - Beat possibly about fifty, setting record (5)
  - Principal bow! (4)
  - Way-out article on farce the church left out (4)
  - The cat caught one-check up (5)
  - Brown backed into the entrance, being a generous man (7)
  - A condition both for and against is nothing! (7)
  - The head needs a lot of water (4)
  - A woman cleaning fish (4)
  - It's an error to assist these characters, here (5,6)
  - The family with purpose is not at all 2 down (11)

- DOWN**
- Frank gets on without exercise (4)
  - A crop—it could be fruit (7)
  - View sound place (4)
  - Not weighing very heavily on the conscience? (7)
  - They're down to play bingo (4)
  - Plots over certain properties (4-7)
  - The main complaint (11)
  - An entertainer's dismay when the first gag goes badly (5,6)
  - It's topping for the academic! (6-5)
  - Deep depression caused by drain problem (5)
  - Skins reversed to show nap (5)
  - Comprehend new action taken over new head (7)
  - Poles entering characteristic conveyance (7)
  - Some folks illuminate the lower part of a doorway (4)
  - That's about 550 unemployed (4)
  - Tin holding the right quantity of herrings (4)



## GENERAL ASSISTANCE

### EMERGENCY PHARMACIES

Jerusalem: Zarfati, Gilo, opposite park, 768943; Balsam, Salah Eddin, 272316; Shu'afat, Shu'afat Road, 810108; Dar Al-Din, Herod's Gate, 282058.

Tel Aviv: Arlosoroff, 76 Arlosoroff, 220746; Hayarkon, 1 Yehuda Hameccabi, 442308.

Netanya: Geva, 14 Shear Hagai, 22895.

Haifa: Hanassi, 33 Sderot Hanassi, 333312.

### FIRST AID 101

In emergencies dial 101 in most parts of the country. In addition:

Ashdod 41333  
Kiryat Shmona 44334  
Kiryat Shmona 44334  
Nahariya 92333  
Netanya 23333  
Patah Tzvi 9231111  
Rahovot 451333  
Rishon LeZion 942333  
Safed 30333  
Tel Aviv 240111  
Tiberias 90111

### DUTY HOSPITALS

Jerusalem: Hadassah Ein Kerem (pediatric, ophthalmology), Bikur Holim (internal, E.N.T.), Shear Zedek (obstetrics, surgery, orthopedics).

Rapo Crisis Centre (24 hours), for help call Tel Aviv, 234818, Jerusalem - 245554, and Haifa 98791.

Jerusalem Institute for Drug Problems, Tel. 663828, 663902, 14 Bethlehem Rd.

### FLIGHTS

24-Hour Flight Information Service: Call 03-9712484 (multi-line). Arrivals Only (Taped Message) 03-381111 (20 lines).

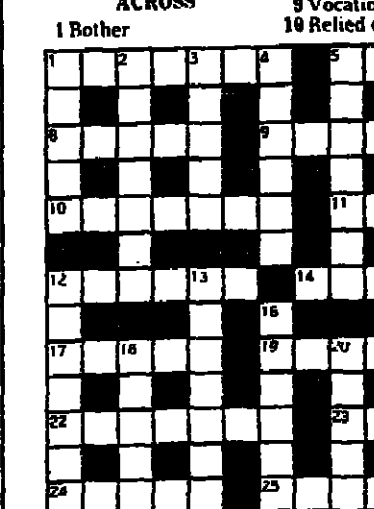
### FIRE 102

In emergencies dial 102. Otherwise, number of your local station is in the front of the phone directory.

### POLICE 100

Dial 100 in most parts of the country. In Tiberias dial 924444, Kiryat Shmona 4444.

### QUICK CROSSWORD



- ACROSS**
- Both
  - Follow
  - Vocation
  - Relied on
- DOWN**
- Handle
  - Indistinct
  - Sound of sheep
  - Portuguese money
  - Poise
  - Amalgamate
  - Overtook
  - Triumph
  - Headline
  - Leave out
  - Forty winks (3,3)
  - Arouse
  - Fortify
  - Happening

# U.S. car makers eye Mideast

DETROIT (Reuters). - In this Mecca of the automobile industry, the world's two largest car companies are gearing up for a bigger presence in the Middle East, a region they consider rich with potential for future development.

General Motors, the world's No. 1 car maker, last month received Egypt's permission to form a new manufacturing venture there. Company officials say the \$9 million investment it will make in the venture will serve as a strategic regional base in the Arab world's most populous nation.

No. 2, Ford Motor Co., long the target of an Arab League boycott because of business ties in Israel, has appointed a dealer in Kuwait in what executives say is just the first step in a drive to re-enter the Arab world on a wider scale.

Ford President Harold Poling told Reuters in a recent interview that his company was looking at several Arab countries as possibilities for expansion, though he added that concrete steps were likely to be slow. Company officials said the work of Ford's aerospace unit in helping Arab nations set up their new satellite communications network had helped re-establish relations and opened the way for the company to sell vehicles again in some Arab nations.

GM's recent move to begin building two car models in Egypt through a new \$30m. joint venture follows the establishment of a truck-making facility there last year.

The first Arab world Ford dealer was appointed in Kuwait in May. "We'll have more to say in coming months," corporate spokesman Edward Sawtell said.

American Motors Corp. (AMC), the smallest of the Detroit car makers, has been in the Middle East since the late 1970s through a 49 per



A Cairo interchange: there's plenty of room for U.S.-designed cars to fill Arab roads.

cent-owned jeep and truck-building joint venture in Egypt in partnership with the government called the Arab-American Vehicle Co.

GM's truck venture, marked the company's return to a direct manufacturing role in Egypt after a three-decade absence, caused by the nationalization of its facilities there by the government of former president Gamal Abdul Nasser.

In the entire Middle East, the company sold 68,000 cars and trucks last year - a 14 per cent gain from 1984 volumes - with Saudi Arabia, Kuwait and the United Arab Emirates as the major markets. Most of the sales were of vehicles built in Europe or North America, a spokesman said.

In addition to using existing facilities of the El Nasy Automotive Manufacturing Co. to build its cars in Egypt, officials of the GM venture expect to reach an agreement to use part of AMC's Arab-American Vehicle factory.

GM, which already has manufacturing facilities in Morocco and Tunisia, is in various stages of talks with officials about starting vehicle assembly operations in Iraq and Algeria, executives said.

In addition to participating as a major player in Egypt's domestic economy, the company sees its operations there as giving it a centre for building up its manufacturing in other parts of the Middle East. Other goals include supplying low-cost components to its European factories and procuring raw materials from various Arab nations.

"It's one of the most favoured points for distribution in the re-

gion," said William Mott, executive vice-president for GM Overseas. "The reason Egypt is so important is that it can be a major manufacturing country and use raw materials from its neighbours. It has the logistics for shipping, people to do the work and the Nile for power."

A key part of the commitment was to help develop joint ventures for major European and American companies to manufacture car components in Egypt, which can be used both in GM's domestic car building there and for export.

"We realized we had to come up with a new source of components or we would not be competitive in that area," Mott said.

GM's labour cost per worker in Egypt is reckoned at \$2 an hour, significantly less than the \$15 an hour rate generally estimated in Europe, Mott said.

Although manufacturing operations and volumes of vehicles built in the Arab world by GM will be small compared with North America and Europe, the company believes its presence there is an important part of its global strategy for the future.

"As far as I'm concerned, if GM is the major manufacturer of automobiles in the world, we need to have a presence," Mott said. "With a presence, we have growth potential; without a presence, somebody else will have it locked up."

Given the growing importance of plastics in the car industry in place of metal parts, the GM executive said the base in Egypt could also give the company better access to buying oil by-products used for plastics.



MARKET  
PLACE

AVI TEMKIN

Oil's woes  
should be  
taxpayer's  
gain

The best piece of news the economy has received in several months came from Egypt yesterday. The Egyptians cut the price of their oil to \$6 a barrel for heavy crude - a drop of \$1.20, and to \$7.35 for a barrel of light crude - a cut of \$2.20.

At the same time, pressure continues on the U.S. dollar in Europe. In the past week, the U.S. currency has been selling at 2.12-2.13 Deutschmarks, compared with levels well above 2.25 marks a few weeks earlier.

Together, these developments mean that the economic stabilization programme still enjoys the good luck that has made it a success since it began a year ago.

It was precisely those two factors - low fuel prices internationally and a weak dollar - which enabled the government to continue pegging the shekel to the dollar.

Since these trends are continuing unabated, those at the Bank of Israel and the Treasury who oppose devaluation should see their hand strengthened.

Industry is likely to benefit most from the recent developments. Cheaper energy could cool the complaints of industrialists about rising production costs. Thus the Energy Ministry's announcement yesterday that fuel prices for industry and electricity prices will be reduced should be hailed by manufacturers.

The ministry was probably right when it said there was no reason to reduce gasoline prices, with consumer demand at its peak and road accidents surging.

The question, however, is whether reduced fuel prices abroad should mean an automatic reduction at home.

First of all, the government must decide if it wants the economy to adjust to the new low price of fuel, which would guarantee increased consumption.

Such an adjustment would make the economy highly vulnerable to a rise in international fuel prices, which would in turn spark a new wave of rapid inflation.

Second, a fuel-price reduction will not help those industrial sectors most affected by the recent slowdown in exports. The electronics industry, for instance, will get little benefit because it does not use so much energy. In fact, further pressure on the dollar may hurt such industries, which depend heavily on the U.S. market.

For those reasons, it might make sense to institute a round of tax cuts, financed by lower oil prices. That would reduce the bad effect of any future fuel-price increase, while giving industries that are not big energy users the opportunity to benefit from the low oil prices.

Such tax cuts could also help labour costs down - which would be even more beneficial to the economy than cheaper energy.

Germany unlikely  
to cut interest rates

BONN. - Growth in West Germany, the powerhouse of European economies, has picked up and economists say the authorities will now probably ignore U.S. pleas to help bolster world growth by cutting interest rates.

But last week Hans Tietmeyer, state secretary at the Finance Ministry, took many forecasts by surprise when he said that the economy grew by 3 per cent in the second quarter. As a result, economists now say that the half-point cut in the U.S. discount rate - the leading official interest rate - announced on July 10 is unlikely to be followed here and would be unnecessary.

The West German economy has benefited from cheaper oil and virtually no inflation. But it is also changing, economists say.

## Results bode ill for bank sector

## 1st Int'l profitability fell in half

By PINHAS LANDAU  
Jerusalem Post Reporter

First International Bank yesterday published half-yearly unaudited results that showed a lower rate of profitability and a decline in total assets.

The bank's results, the first among five major commercial banking groups to be released for the half, suggest that the banking sector is due for a difficult year, as First International is traditionally the most profitable bank in the country.

Pre-tax operating profits amounted to NIS 26.5 million (\$17.7m.), a slight drop on the equivalent figure of NIS 27.4m. (\$18.3m.) for the first half of 1985. Net profits rose 9.6 per cent from NIS 7m. (\$4.7m.) to NIS 7.7m. (\$5.1m.). The figures are expressed in June 1986 value shekels and adjusted for inflation.

Despite the gain in net profit, profitability fell when measured in terms of the return on equity, the accepted standard. First International has always featured it prominently in the past, when it achieved rates of around 35-40 per cent gross return and a 12-16 per cent return on

an after-tax basis. This time, however, the bank's return on equity came to 23 per cent gross and 6.8 per cent net, on an annual basis. Neither were highlighted in the report.

The discrepancy between higher profits and lower profitability would seem to stem from the restatement of last year's half-yearly figures according to the new accounting procedures imposed early this year. These had the effect of boosting First International's capital and thereby lowering the ratio of profit to capital, which is the rate of return on equity.

The bank's total capital means grew from NIS 225.8m. (\$151m.) at the end of 1985 to NIS 232.4m. (\$155m.) as of June 30, 1986.

The balance sheet total slipped marginally compared with the December 31, 1985 figure, and by 7.3 per cent compared with June 30, 1985, and stood at NIS 3,669m. (\$2,448m.). Deposits from the public fell even more sharply, by 16 per cent over the year, to NIS 2,093m. (\$1,396m.). Loans to the public grew, however, by 7.3 per cent to NIS 1,428m. (\$925m.).

The reason for the decline in total assets and in deposits stems from the

major gap that developed between the rate of devaluation in the year and half-year from June 1985, which was 18.75 and 20 per cent, respectively, and the rate of inflation in those periods, which came to 57.93 per cent and 8.65 per cent, respectively. Since the results are given in inflation-adjusted shekels, dollar-denominated deposits and investments have lost value compared with the real shekel.

First International has the smallest dollar-linked component of any of the big banks, suggesting that the drop in size of the banking system, at least when measured in inflation-adjusted shekels, is likely to continue.

First International announced that it continued to make "conservative" loan provisions, as demanded by the current economic situation, but no detailed figures were given. The bank, which was acquired by New York industrialist Jack Nasser earlier this year, will pay a 30 per cent cash dividend to shareholders. The amount involved, NIS 1.36m., is about one-seventh of the dividend paid out for the first six months of 1985.

Tefahot,  
Merov report  
strong profits

By PINHAS LANDAU  
Jerusalem Post Reporter

Lower taxes enabled Bank Tefahot to show substantially improved earnings for 1985-86 and enabled Merov Mortgage Bank to swing back into the black.

Bank Tefahot, a subsidiary of Bank Mizrahi, said its net inflation-adjusted profit for the year ended March 31, 1986 was NIS 548,000. Last year, Tefahot had scraped a bare NIS 27,000 profit, according to figures restated to reflect accounting changes.

The bank generated more than NIS 15 million in operating profits, but the heavy tax burden that affects mortgage banks took NIS 11m. of the total or 73 per cent. This was actually an improvement over 1984-85, when taxes took NIS 12.4m. of the bank's NIS 13.4m. of gross profit.

Of this year's remaining NIS 4m., most went to cover losses by subsidiaries and affiliates, leaving a bit more than NIS 600,000. A further deduction of NIS 69,000 for non-recurring expenses left net profit at only NIS 548,000.

The bank's shareholders report noted that the number of mortgages processed fell in line with the building slump. Government-supported mortgages issued dropped from 34,745 to 23,317, which Tefahot blamed on the fears by would-be home-buyers of the effect of indexed mortgage payments at a time of sharply falling real wages. Nevertheless, there was no significant increase in the number of mortgages falling behind in their payments.

The bank's balance sheet grew by 11 per cent in inflation-adjusted terms to NIS 2.22b.

Merov Mortgage Bank, a subsidiary of First International Bank, swung back into profitability in the first half of 1986. Net profits came to NIS 1.1m. in the period, compared with a loss of NIS 3.2m. in the first six months of 1985. Operating profits increased 12-fold, from NIS 215,000 to NIS 2,56m., while tax outlays came to NIS 1.29m., far less than last year's NIS 3.72m.

All these figures, however, are heavily distorted. Accounting changes boosted the 1985 first-half loss from NIS 287,000 under the old system to NIS 3.2m. under the new one, while the drop in the tax rates stems from partial repayment of over-assessments of previous years.

The pattern is repeated at Merav's subsidiary, the tiny Independence Mortgage Bank. January-June 1986 produced a profit of NIS 839,000 before taxes, and NIS 213,000 after tax.

BUSINESS  
BRIEFSLaser Industries  
files \$25 million  
shelf statement

TEL AVIV. - Laser Industries Ltd. said it had filed a registration statement with the U.S. Securities and Exchange Commission for the proposed public offering of \$25 million in convertible subordinated debentures due August 1, 2006.

The debentures will be convertible into the company's ordinary shares. Drexel Burnham Lambert Inc. is the sole underwriter of the offering.

The net proceeds from the proposed sale would be used to repay outstanding bank debt, increase working capital and for general corporate purposes.

THE JERUSALEM MUNICIPALITY awarded Solei Boneh a construction project without issuing a public tender as required by law, the Federation of Contractors and Builders in Israel charged.

The Federation's contractors' division head, Yosi Gonen, demanded in a letter to Jerusalem's municipality that it cancel the construction of a 600-space parking lot near the Clal building until it published a tender for the job.

The city is to receive 40 per cent of the revenue from the lot.  
MICHAEL YUDELMAN

THE SEAMANS' UNION opened its two-day convention in Haifa yesterday with a call on the government to reschedule the Zim Navigation Co.'s debts and guarantee its solvency.

Union Secretary Shlomo Avitan told *The Jerusalem Post* that the group's main concerns are the future of the fleet and what he termed "the government's indifference" to Israeli shipping. Only about three-quarters of the union's 2,000 members are actually employed at sea.

The union has already agreed to reduce complements on ships by 10 per cent and has agreed to mixed Israel and foreign crews. Issues to be discussed at the convention are the union's wage claims and an early retirement programme that was slated to be implemented several years ago.  
YA'ACOV FRIEDLER

THE FIRST ORDER OF SAFES left the DVS Dikla Vault and Safeguards Systems plant for New York this week. The \$6 million order for 1,200 safes is DVS's largest sale yet.

The plant, recently founded in the Tefen industrial area, in the Galilee, produces high-security safes that weigh 25 per cent less than similar safes produced elsewhere. The safes carry an American standards label.

DVS is owned by Shimshon and Yitzhak Pritzker of Haifa, who control half of DVS; the Stern and Goldstein families; and Yigal Ben-Haim, who developed the safes. The owners have invested more than \$1m. in the company and employ 14 engineers and workers.

## FRIENDLY SUMMIT

(Continued from Page One)

Earlier, Habash warned that the fate of Hassan would not be better than that of former Egyptian president Anwar Sadat, because of Hassan's recent act of "high treason."

Officials in Jordan, the essential Arab state in any peace effort, remained cool towards the Moroccan initiative yesterday and were almost desperate to insist that they had no prior knowledge of it.

"It was a surprise to Jordan," Prime Minister Zaid Rifai was quoted as telling the Bahraini newspaper *Akhbar Al-Khaleej*. He added that Jordan would delay its response to the meeting until it had more information.

But Jordan's semi-official *Al-Rai* daily said that Peres's visit was "a painful stab in the chest for the Arab homeland and people." The *Al-Dustur* daily termed the summit a "new tragedy."

Israeli officials, reporting on early intelligence assessments of the Arab reaction to the surprise summit, said the Arab states were responding more cautiously than they had in 1977 when Sadat made his journey to Jerusalem.

Along with Jordan, Saudi Arabia and most of the other pro-Western states in the Persian Gulf have made no official comment. Only Syria's so

far has broken diplomatic relations with Morocco, while Egypt has praised the meeting.

"There is a crack in the Arab consensus that talking to Israel is a major crime," said one Israeli official. "The Arab extremists are suffering. The middle is very wide right now and this is very significant."

The official Soviet news agency Tass, reflecting the Kremlin's view, described the Ifrane meeting as a "new effort" by Israel and the U.S. to impose "capitalist variations on the Camp David scenario."

"It said the Arab countries 're-solutely rejected' this settlement. Iran also lashed Arab countries for failing to take tough action against Morocco."

"Arab reactionary regimes, serving the interests of imperialism, are dealing blows on the Islamic community and... the Moslem people," Iran's official news agency quoted parliament speaker Ali Akbar Hashemi Rafsanjani as saying in Teheran.

EUROPEAN PRICES. - Consumer prices in the European Community in June were 3.4 per cent above those of a year earlier, the EEC Statistics Bureau said. This year-on-year rise showed no change from that of May.

## Tel Aviv Stock Exchange

## MARKET STATISTICS

Indices:	
General Share Index	111.82 +0.18%
Non-Bank Index	128.05 +0.06%
Arrangement	105.63 +0.22%
Insurance	142.09 +0.32%
Commerce, Services	149.47 -0.55%
Real Estate	152.19 +0.48%
Industrials	114.90 +0.22%
Textiles	138.07 +0.24%
Metals	108.72 -0.12%
Electronics	98.67 +0.12%
Chemicals	117.10 +0.33%
Industrial Invest.	105.90 -0.03%
Investment Cos.	128.10 -0.72%
General Bond Index	103.78 +0.17%
Index-linked	110.48 -0.18%
Fully-linked	111.32 +0.30%
Partially-linked	108.59 +0.06%
Dollar-linked Bonds	98.94 +0.18%
Short-term 0-2 yrs	108.67 +0.10%
Medium-term 2-5 yrs	108.89 +0.14%
Long-term 5+ yrs	105.97 +0.27%

Turnovers:	
Shares - total	NIS 4,047,000
Arrangement	NIS 2,873,300
Non-bank	NIS 1,173,700
Bonds - total	NIS 5,346,500
Index-linked	NIS 4,094,000
Dollar-linked	NIS 1,252,500
Treasury Bills	NIS 543,000

Share Movements:	
Advances	156 (26)
of which 5%+	18 (0)
Declines	96 (46)
of which 5%+	9 (6)
"sell-off" only	7 (0)
Unchanged	119 (68)
Trading Half	52 (58)

Bond Market Trends:	
Index-linked	3% Fully-linked Mixed to 1%

4.25% fully-linked	Mixed to 1%
80% linked	Stable/slight gains
Double-linked:	Slight movements
Admiral	Rises to 0.5%
Rimon	Mixed by 0.5-1%
Gilboa	Rises to 1%
For Curr. denominated Treasury Bills (monthly yield)	Mixed to 1%
	1.43-1.49%

Arrangement yields:	
IDB ord.	13.96%
United 0.1	14.13%
Discount A	14.08%
Herzliya	13.99%
Academy	14.00%
Hapoelim r.	14.00%
General A	14.16%
Leumi stock	13.96%
Fin. Trade 1	11.22%

## SELECTED PRICE QUOTATIONS

Name	Price	Volume	%
------	-------	--------	---

Commercial Banks	
(not part of "arrangement")	
Martime 1	1025 3078 +4.1
General non-arr.	28950 14 +1.8
First Int'l	no trading
FBT	no trading

Commercial Banks	
(part of "arrangement")	
IDB	80500 128 -
United 0.1	89895 11 -0.0
Discount	102500 48 +0.3
Mizrahi	33115 230 +0.3
Hapoelim r	54650 815 -
General A	139200 124 +0.6
Leumi 0.1	34750 130 -
Fin. Trade	49750 -

Mortgage Banks	
Leumi Mort. r	4205 70 +1.0
Dev. Mort.	1225 700 -
Mishkan r	2160 -
Tefahot r	no trading
Merov r	no trading

Financial Institutions	
Agrie Co.	no trading
Ind. Dev. DD	no trading
Clal Leasing 0.1	11700 68 +2.6

Insurance	
Ararat 0.1 r	870 566 -0.6
Hesneh r	456 8389 -0.2
Phoenix 0.1	645 400 -
Hamishrah	8350 34 +2.4
Menorah 1	7780 15 -0.3
Zahar	3750 50 -0.5
Zion Hold. 1	16580 1 -

Trade & Services	
Melzi Exra	4198 -
Supercal 2	4850 554 +1.4
Delek r	2635 2772 -1.8
Lightstar	14250 -5.0
Cold Storage	2431 s.o.1 -
Dan Hotels	3510 183 +5.4
Yarden Hotel	78 -4.0
Hilton 1	12600 11 +0.6
Team 1	1700 170 -1.6

Real Estate, Building and Agriculture	
Acorn	510 5284 +1.6
Eilon	415 1160 -
Africa lor. 0.1	30480 57 -0.7
Dankner	3900 50 +2.4
Prop. & Bldg.	2385 1584 -
Bayvite 0.1	3857 -
ILDC r	43300 194 -1.4
Ressaco r	8832 88 +8.4
Mehadrin	6300 26 -0.3
Hadarim	980 540 -3.0

Industrials	
Dubek b	3240 119 -
Pr-Ze 1	1781 450 +1.5
Sunfrost	7100 104 -
Elita	12300 54 -
Adgar	760 1598 -0.7
Argaman r	11250 8 -
Delta G 1	3450 804 -
Mequinta 1	22500 7 -
Elita 1	10000 30 -3.8
Polgat	2945 386 +0.9
Schoellerline	11500 29 -
Rogovin	2170 815 +0.5
Urten 0.1 r	8904 23 -1.8
la. Can Co. 1	1050 1550 -
Zion Cables	2200 820 +2.8
Packer Steel	2210 125 +1.3
Elbit	374000 8 -

Investment Companies	
IDB Dev. r	3310 500 -0.3
Elitron	2490 265 -0.4
ARI 1	no trading
Galehet	1270 -
Israel Corp. 1	7868 -
Wolfson r	111000 2 -8.0
Hapoelim Inv.	4800 627 -
Leumi Invest.	no trading
Discount Invest.	2050 2372 -
Mizrahi Invest.	14800 20 -
Clal 10	705 3515 -0.7
Landeco 0.1	8630 45 +0.2
Pama 0.1	8750 17 -

Oil Exploration	
Paz Oil Expl.	12550 31 -2.4
J.O.E.I.	1407 458 +0.7

Abbreviations: s.o. buyers only b. buyers r. registered

FINANCIAL DATA:  
ISRAEL, EUROPE, U.S.

## ISRAEL MONEY MARKETS July 23, 1986

SHEKEL INTEREST RATES  
PRIME BORROWING RATE: 1.25% per month  
Unlinked Deposit (Annual Rates)

	Last Updated	Tapas	Pakam 7-Day	Pakam 30-Day
LEUMI	21.7	8-20%	8-18%	7-18.50%
HAPOALIM	7.7	8-14%	8-14%	8-15.50%
DISCOUNT	23.7	8-18.50%	8-17%	8-19%
MIZRAHI	8.5	8-16%	8-15%	8-17%
FIRST INT'L	8.7	8-14%	8-14%	8-14%

Rates vary according to size of deposit.  
(Tapas: demand deposit paying daily interest.  
Pakam: fixed-term deposit available from 7 to 59 days.)

## PATAM - FOREIGN CURRENCY DEPOSIT RATES (as of July 21)

	3-MONTHS	6-MONTHS	12-MONTHS
USD	5.875	5.875	6.000
STG	9.000	8.875	8.875
DMK	4.000	4.000	4.000
SFR	4.250	4.250	4.125
YEN	3.125	3.000	3.000

Rates vary according to size of deposit and are subject to change.

## SHEKEL FOREIGN EXCHANGE RATES

		CHEQUES AND TRANSFERS		BANKNOTES		Rep.
		Buy	Sell	Buy	Sell	
U.S.A. Dollar	1	1.4882	1.5088	1.48	1.53	1.4894
U.K. Sterling	1	2.2204	2.2481	2.17	2.28	2.2311
Deutsch Mark	1	0.5893	0.7081	0.59	0.72	0.7037
French Franc	1	0.2167	0.2195	0.21	0.22	0.2179
Dutch Florin	1	0.6210	0.6288	0.61	0.64	0.6243
Swiss Franc	1	0.8662	0.8771	0.85	0.89	0.8713
Swedish Krone	1	0.2117	0.2143	0.21	0.22	0.2128
Norweg. Krone	1	0.2001	0.2026	0.20	0.21	0.2012
Denish Krone	1	0.1865	0.1888	0.18	0.19	0.1875
Finnish Markka	1	0.0505	0.0507	0.50	0.50	0.0507
Canad. Dollar	1	1.0745	1.0879	1.05	1.10	1.0787
Austr. Dollar	1	0.9451	0.9568	0.88	0.97	0.9387
S. Africa Rand	1	0.5975	0.6050	0.42	0.46	0.6004
Belgian Franc	1	0.3363	0.3405	0.33	0.35	0.3412
Austrian Sch.	10	0.9345	1.0089	0.98	1.02	1.0006
Italian Lira	100	1.0186	1.0313	0.99	1.05	1.0249
Japanese Yen	100	0.9540	0.9559	0.94	0.98	0.9548
Egyptian Dinar	1	—	—	0.47	4.53	4.2647
Egyptian Pound	1	—	—	0.79	0.84	0.8081
ECU	1	1.4852	1.5038	—	—	1.4838



# THE JERUSALEM POST

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## Step towards peace

KING HASSAN, it has been said, is not another Anwar Sadat, and the talks he held with Premier Peres in the Atlas Mountains for two days this week should not be viewed as a latter-day version of Sadat's journey to Jerusalem nearly nine years ago.

This may readily be granted. But then Sadat's own visit, even while it conveyed the message of Egypt's *de facto* recognition of Israel, ended only in agreement to disagree on terms of peace. Hassan's Morocco has no common frontier with Israel, and the king was not concerned at Ifrane with winning for his country the honour of being the second in the Arab world to conclude a peace treaty with the Jewish state. His purpose was to establish his kingdom as an important agent for facilitating a peaceful settlement of the Arab-Israeli conflict, focusing on the Palestinian issue.

Taking advantage of the existing rift between hopeless diehards and relative moderates among the Arabs, even within the PLO, Hassan publicly invited Mr. Peres over, thus deepening the rift still further. This alone constituted an important contribution to peace.

What it was that he and Mr. Peres had specifically to propose to one another that was new, and what amount of common ground they secured in their two days together, still remains to be learned, for the talks were held under a tight news blackout. According to unconfirmed reports the king suggested the Fez plan, originally King Fahd's, as a basis for negotiations at an international Middle East conference to be held in Morocco.

Israel's position, as articulated by the premier, is that an international conference is acceptable provided big power participation in it will be only nominal. Another condition is that it must not allow the Soviet Union to try to dictate terms and to shield the Arabs from the imperative of negotiating with Israel directly and without preconditions, such as the Fez plan. An international conference of the kind currently favoured by most Arab states would be an exercise in futility at best – and at worst would serve as preparation for war.

It is a fairly safe bet, however, that the conference suggested by Hassan will not be attended by rejectionist Syria or by its Soviet patron, both of which have angrily excoriated Hassan for his very diplomatic initiative in speaking face-to-face with Mr. Peres.

It is also reported that Hassan sought to obtain Mr. Peres's consent for the participation of self-proclaimed PLO activists in a joint Jordanian-Palestinian delegation to the mooted conference.

The premier could hardly even promise to submit such a proposal with his recommendation to the cabinet's scrutiny so long as the PLO failed to meet even the most minimal requirements for its admission to the peace process. The PLO's offer to endorse Resolutions 242 and 338 in return for Israel's acknowledgement of the Palestinians' right to self-determination – meaning their right to a state of their own – has long ago been rejected, and it stands no chance of present adoption.

Yet even if the summit at Ifrane fell short of producing a tangible meeting of minds between King Hassan and Mr. Peres, it struck an historic blow for peace by just having been held. The angry denunciations of an alleged American plot emanating from Moscow this week, and the shrieks of horror sounded in Damascus about an imminent new Camp David a-comeing, have reflected appreciation of the fact that the ring of Arab opposition to direct encounter with Israel was finally broken.

No matter where exactly the route to which Hassan has now committed his country may lead, it is likely to be marked with Anwar Sadat's footprints. The slain Egyptian leader is, as it were, reaching out to crush his war-mongering Arab enemies. Sadat's successor, Hosni Mubarak, has – and has shown he has – reason to feel vindicated himself, even if, still waiting as he is for the signing of a Tabu *compromis*, he will now be seen following King Hassan's example in holding a summit with Mr. Peres.

While Egypt crowed this week, and Syria and fellow rejectionists exploded in wrath, some Arab voices were rather muffled in their reaction to the Moroccan-Israeli summit. They belonged to the in-between Arab states, mainly but not exclusively around the Gulf.

Although Hassan was plainly seeking to help out his royal colleague of Jordan, Hussein was evidently embarrassed by the open challenge to his present Syrian friends. Through his spokesman, Hussein insisted that he had not been apprised even on the eve of the planned summit. His information minister voiced doubt whether it would serve "the goal of a comprehensive regional settlement."

But of course it would. If regional settlement is at all attainable, it is only by such direct means that it could in time be attained.

# Chauvinistic Judaism v. humanistic Judaism

David Krivine

THE GAP between left and right in Israel has narrowed in recent years over policy matters, but has widened over ideology. The two sides are in bitter conflict, and it's not over the economic recovery programme or over peace-making with the Jordanians.

The struggle that rages in the cabinet and Knesset is over morality. *tohar ha'neshek* (clean fighting) and the rule of law. Let us recall the conflicts during the 1980s: they were over Sabra and Shatila (and the biggest protest meeting in Israel's history at Kikar Malchei Israel); over Jewish terrorists (whom the Likud want released, though Arab terrorists should – in their view – be cut to ribbons); over the Mormons (who must be denied a university in Jerusalem, though Jewish yeshivot pullulate in Christian countries); over the bill against racism; over the killing of two Arab prisoners and the false testimony given by the General Security Service (GSS) concerning that event.

On each occasion the issue is broadly the same: how far can the state, in the pursuit of its own self-interest, override the rules of justice. For left-wingers that is a problem, for right-wingers it is not. Yitzhak Moda'i, when he was supposedly the minister in charge of justice, could not believe that the Labour Party were really perturbed about the killing of the two Palestinians and the subsequent cover-up. He thought their motive could only be to wreck the rotation agreement.

Up to ten years ago we did not believe that any Jew, let alone a Jewish cabinet minister, could speak that way. It has all happened since the fateful election in 1977 which brought Begin to power. That poll certainly opened, to use Levi Eshkol's phrase, "a Pandora's box."

We find intelligent fellow-Jews saying things we understand and admire, and then suddenly they are talking a language we no longer comprehend. Last month Uzi Landau of Herut made an eloquent plea in the Knesset for a restoration of Jewish values and Zionist ideals. Most of what he said can only evoke cordial assent. All will agree that Israel has

become materialistic and that we need to revive our faith in our national cause.

Then we are pulled up short. What is he saying? Listen to this: Instead of teaching Jewish people why they should love their country and fight for it, Landau declaims, our schools "concern themselves with 'democracy' and the war against racism, as if that were the real danger to the state of Israel."

"Instead of teaching about the birthright of the Jewish community and preparing young hearts to fulfil the associated obligations, we hold forth about our breaches of Arab national rights."

BEFORE HERUT came to power in 1977, most of us never knew there were two Jewish cultures, two kinds of Judaism. We thought there was only one, what I would call humanistic Judaism.

We now discover that there is another: chauvinistic Judaism. It has emerged on both fronts, the secular and the religious, almost simultaneously.

The secular movement dates back to Jabotinsky's Revisionists, who drew their inspiration from the 19th century German philosophers of will and passion. In my young days, we used to think that the Revisionists were playing parlour politics and never took them seriously. A Betar schoolboy at the time told me with fervour that one of the tests of will that his movement had to undergo was to keep their eyes open without blinking. I found that hilarious.

But that group of Betar stalwarts are in office now, wedded to the ideals of force, the national will, ethnic self-love, the power of the state to override minor obstacles (like legality and human rights) and contempt for the foreigner.

Theological fundamentalists emerged during the same period and have taken over the religious establishment in Israel. Their philosophy goes hand in hand with that of the Revisionists.

The roots of this ultra-nationalism, both secular and religious, go back to the medieval ghetto and could be understood at the time. The world around was bigoted. The Jews had to entrench themselves in their own bigotry or yield to that of others.

When, however, the battlements of Christian fanaticism began to crumble in the Age of Reason two centuries ago, the Jews were the first to discard old prejudices. They led the search for the new-found brotherhood of man.

It was a fulfilment of the Jewish heritage. Ethnic violence, religious persecution, wars of conquest, bias against minorities – all these things have always been hateful to the Jewish people. The struggle against racial discrimination is a Jewish struggle.

The new liberal ideas galvanized us. They were familiar, they derived in part from Jewish teachings. We espoused them with such fervour that fascists the world over stigmatized policies of brotherly love and hands-across-the-frontier as Jewish policies.

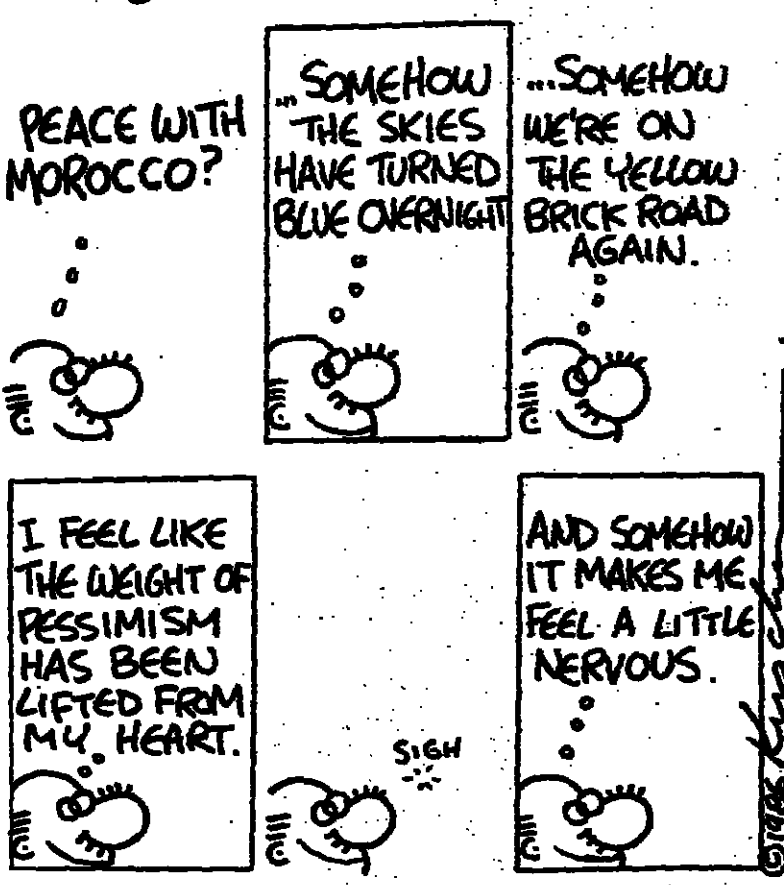
Militarists saw pacifism as Jewish, dictators saw democracy as Jewish, theocrats saw belief in freedom as Jewish. We were proud to take the blame. Others might betray the principles that we honoured, we did not yield.

Slogans like "Out with the foreigner" or "They are after our jobs" or "Whites only" or "Dagoes not admitted" belonged to the world of die-hard gentiles and made the Jews' blood run cold. That Jews should ever come to think in those terms was inconceivable. Discrimination against the Jews – and against anyone else – was always held in abhorrence.

YET discrimination is happening in Israel today.

Right-wingers want to tighten the grip of Talmudic laws and leave secular laws (protecting people's rights regardless of their faith) on a back-burner. A tremendous fuss is made by the Orthodox over auto-pies or breaches of *kashrut*. Much

## Dry Bones



less fuss is made over the killing of a couple of Arab terrorist prisoners.

Terrorists should be wiped out. It is argued, therefore breaking the law which forbids killing them in captivity is no great offence. Leaving the moral aspect of that aside, there are the legal implications to be considered. Breaking the law leads to a collapse of the civilized order. If killing is permitted, where does one draw the line?

Tomorrow a man who is only a suspected terrorist may be killed. Or a man may be killed while under interrogation. (If he can be killed with impunity then there is no danger in torturing him, whether or not he has real information to yield.)

Strict application of a humane legal system preserves civilized conduct. Under such a regime people think it natural to behave properly. Once the law is loosely applied corruption sets in and misconduct soon becomes the norm. Not only Arab terrorists will be victimized but other Arabs too; and not only Arabs but in the course of time Jews ("lefties", "bleeding hearts") as well. When

one set of laws is broken, other laws get broken in their turn.

All this is not theory, it is history. The process of deterioration has taken place in all countries that have strayed from the rule of law. The edicts and regulations which may seem fussy to hot-headed Likudniks in the Knesset are the protective barrier supporting human culture. If they are scrapped, Israel will slowly and gradually turn into a police state.

The GSS, once revered, has already lost its bearings. Its moral code has been chipped away under recent permissive prime ministers. The internal disputes in which it has got entangled could have been foreseen. They reflect a general confusion in the ranks of the GSS which is the result of a collapse of standards.

That is what imperils the country's security: the collapse of standards in the secret service, and not the attempt by successive attorney-generals to restore those standards by applying the law.

The author is a writer on political and economic affairs.

## READERS' LETTERS

### RELATIONS BETWEEN GUATEMALA AND BELIZE

To the Editor of The Jerusalem Post Sir, – I refer to Benny Morris's interview of July 14 with the prime minister of Belize, in which he accuses Guatemala of aggressive intentions against Belize.

For those who do not know the geography and history of the area, may I point out that the territory of Belize belongs to Guatemala geographically, historically and legally. Before the discovery and conquest of America, the territory of Belize formed part of the Mayan Empire, whose capital, Tikal, is in Guatemala. During the 400 years of Spanish rule, the territory of Belize formed part of Guatemala (*Capitanía General del Reino de Guatemala*), which comprised Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica. Later, a commercial concession for the exploitation of wood and rubber was given to a foreign, extra-continental power, which, by right of force, granted Belize its independence.

The new Guatemalan, democracy presided over by the popularly elected Vinicio Cerezo Arevalo, is dedicated to the social and economic reorganization of the country. I can assure you that Guatemala is not thinking of armed aggression. In the military conflicts of the area, Guatemala is completely neutral and

actively supports the search for dialogue, peace and cooperation with all the countries of the area and the world.

Contrary to what was reported in the article, Guatemala does not buy defensive weapons because it already produces its own. From Israel, we buy electronics, radar and communications equipment and we send it civilian machinery for repairs. Likewise, dozens of young Guatemalan professionals attend international cooperation centres to acquire Israeli know-how, especially in agronomic industry. Israel imports from Guatemala coffee, cardamom, precious wood, Guatemalan crafts, sesame and nickel amongst others, and provides technical assistance for the exploitation of Guatemala's many natural resources. This forms the basis for the excellent relations that fortunately exist between the peoples and governments of Guatemala and Israel.

In general, Guatemala wants peace, not war. It wants dialogue for cooperation, not armed conflict. Prime Minister Esquivel of Belize can sleep peacefully in the hope of dialogue with Guatemala and not in unfounded fear of aggression.

RAMIRO GEREDA ASTURIAS  
Ambassador of Guatemala  
Tel Aviv.

### TRAVEL TAX EXEMPTIONS

To the Editor of The Jerusalem Post Sir, – You recently published an article dealing with the travel tax and its impact upon Israelis resident in another land. The article said in part: "Israelis who live abroad do not have to pay the tax if they acquire citizenship in their country of residence." This view was reinforced by a representative of El Al.

My wife has been a resident of the United States since 1958, following our marriage. Moreover, she has been a citizen of the United States for over 20 years. However, on leaving Ben Gurion Airport on June 15, following a family visit, she was obliged to pay the tax and was told that neither El Al nor The Jerusalem Post were accurate.

I would appreciate your checking into this question.

Rabbi ALAN MAYOR SOKOBIN  
Sylvania, Ohio.

Greer Fay Cashman comments:

We were in error. The Jerusalem Post story mentioning travel tax was taken from the draft of a position paper prepared for Tourism Minister Avraham Sharir by a Tourism Ministry staffer. The anonymous staffer, like the El Al representative, mistakenly believed that Israelis living abroad were not subject to travel tax if they had acquired the citizenship of their country of residence. Alma Y. Itzhaki of the Customs and Excise Department which is responsible for the implementation of the Travel Tax Law, has meanwhile informed The Post that the exemption applies only to the Israeli-born children (under the age of 18) of Israelis living abroad. The law makes no other provisions for exemptions. However exemptions are made in rare instances for per-

### IPO JUBILEE

To the Editor of The Jerusalem Post Sir, – As one of the few surviving subscribers of the Israel Philharmonic Orchestra since their inaugural concert in 1936, I think it would be fitting if the orchestra's veteran friends would supply the present management with memorabilia, anecdotes, photos and other historic material for the compilation of a Jubilee Year Book 1986.

I therefore appeal to all subscribers of the early period to send such documentation to me for xeroxing, editing and forwarding to the IPO as our token contribution to them in gratitude for the enormous cultural services the orchestra has rendered to us for 50 years, and to the advancement of music in Israel. I promise to return the originals to their owners.

ELEASAR WEISSBROT  
P.O.B. 1259,  
Jerusalem.

### INSTITUTION FOR RETARDED

To the Editor of The Jerusalem Post Sir, – I and the leadership of the Beit David Institute are very grateful to you for your article of July 11 about our school. However, the impression was given that we are a school for girls from Orthodox families only. In fact close to half our student body is from non-Orthodox homes. We welcome all students equally regardless of their backgrounds.

JACOB S. LANDMAN,  
Founder, Beit David Institute  
Jerusalem.

### THE HOSPITAL PROBLEM

To the Editor of The Jerusalem Post Sir, – Perhaps understandably, the comments and statements following the end of the nurses' strike – which, if nothing else, helped to highlight the near catastrophic state of hospitalization in the public (as opposed to private) sector – have been both many and varied in nature.

However allow me to draw your readers' attention to just two of those which both appeared in The Post on July 11 and which between them capture the whole hospitalization problem in a nutshell.

Firstly, on page 3, there is the remarkable albeit candid statement by Dr. Zvi Stern, director of Hadassah, that "we are (now) hospitalizing patients as fast as we can. In addition to the medical considerations, it is a financial necessity for us. We've 'invited' all our patients back."

Secondly, there is Pinhas Landau's more sober "Analysis" article on page 19, at the end of which he sets out logical and realistic steps for the restructuring of hospitalization policies in the public health sector if it is to survive, but which, he ruefully concludes "... remain, however,

anathema to the vested interests in the medical sector."

Dr. Stern's remarks only confirm unfortunately what many of us working outside of hospitals have been aware of for a long time, namely that considerations to admit patients to hospital are often not entirely medical in nature, something also implicit in Landau's article.

The overall conclusion must sadly be that nothing will change, except perhaps for the worst, in this area, and that there can be no meaningful rationalization of public health hospitalization policy based on objective medical need, until such financially-oriented motives, and other vested interests, which are at the root of the present wasteful duplication of services, unnecessarily prolonged hospital stays, and inefficient use of existing manpower and equipment, have been eradicated.

By that time, however, it may well be too late to save the "patient."

Dr. A.L. FURST,  
Chairman,  
Israel Association of  
Family Physicians  
Kibbutz Harel.

### FOURTH OF JULY

To the Editor of The Jerusalem Post Sir, – I would like to commend you for the article on Philip Rater which appeared in your Fourth of July Supplement. I found the supplement interesting and informative and I am certain that your work will enhance relations between Israel and the United States.

STEVE ORNSTEIN, Director,  
Safad. The Israel Bible Museum.

## POSTSCRIPTS

**P.S.** THE MOSCOW youth newspaper has attacked the decadent behaviour of teenage boys who it said frequented the capital's bars, fighting, swearing and dressing in outrageous punk fashions.

The article in *Moskovsky Komсомоlet* followed similar criticism in the official press about the drinking habits of teenage girls.

The members of a public-order committee of the Komсомоlet (Communist Youth League) recently observed the behaviour of youths in a Moscow bar nicknamed the "Ditch."

There they saw juveniles with chains and pins in their ears, dressed "like foreign princes with special jeans and jackets of unimaginable hues," the paper said.

It quoted one boy called Dmitri as saying he had no hobbies, interests, dreams or desires. But it also ex-

pressed some sympathy for the youths, quoting a bartender as saying that they had few places to go to in the cold weather.

**P.S.** TILDEN, Nebraska resident Thelma Hawkins was amazed to receive a notice recently informing her of the birth of Beverly Hanks – a woman now aged 51 and a grandmother.

Nobody can explain why the letter, posted in the village by Mr. and Mrs. O. Hanks in July, 1934, and bearing a half-cent stamp, took more than 51 years to reach its destination.

"They said it got lost in the mail stream, whatever that means," Mrs. Hawkins said.

Beverly Hanks, now married and a grandmother, lives in Hinsdale, Illinois.

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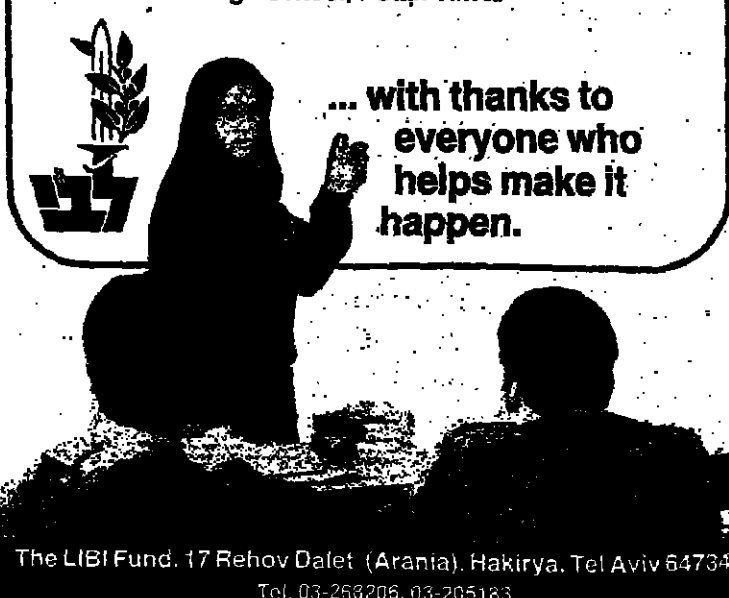
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